

Rule 4.2A.3

## Appendix 4D Half Yearly Report

Name of entity	ABN
<b>Colorpak Limited</b>	<b>56 107 485 898</b>

Current reporting period:	Previous corresponding period:
<b>Period ended 31 December 2007</b>	<b>Period ended 31 December 2006</b>

Results for announcement to the market	AUD'000 s
Revenues from ordinary activities	up / down 13.0 % to 39,887
Profit from ordinary activities after tax attributable to members	up / down 38.0 % to 3,212
Net profit for the period attributable to members	up / down 38.0 % to 3,212

*Brief explanation of any of the figures reported above necessary to enable the figures to be understood:*

The information in the Half Yearly Report should be read in conjunction with the most recent annual financial report (30 June 2007).

	Amount per security	Franked amount per security
Final dividend	Nil cents	Nil cents
Interim dividend	1.25 cents	1.0 cents
Record date for determining entitlements to the dividend	7 March 2008	
Dividend reinvestment plan	not applicable	
	2007	2006
Net tangible assets per security	8.4 cents	3.5 cents

*Commentary on Results:*

**Financial Performance**

Colorpak's six months to 31 December 2007 produced revenues from sale of goods and services of \$39.5 million, 13.0% up on the corresponding prior comparable period ("pcp") of \$34.9 million. Solid growth has been experienced in cartons in the beverage, food and pharmaceutical sectors. In particular, anticipated revenues flowing from the company's capital re-equipment program, which had previously been reported as being slower than expected, have now built up to the expected levels.

Net profit after tax for the six months increased from \$2.3 million in the prior year to \$3.2 million, the highest six monthly profit in the company's history. This 38.0% improvement resulted from both higher sales and improved efficiencies, particularly in the Sydney operation.

**Cash Flow and Debt**

Cash generation from operations for the half year was again very strong and marginally above the pcp with an inflow of \$4.0 million. This has enabled a reduction in net debt to \$31.2 million, well down from the peak in March 2007 of \$37.7 mill. Debt to Debt+Equity has now improved to 37.1% and is now expected to outperform the target level of 35.0% by the end of the year.

Net capital expenditure in the first half totalled \$0.9 million, in line with expectations. Capital expenditure in the second half of the year will also be contained to less than \$1.0 million

The company maintains adequate cash reserves and undrawn bank credit facilities to meet its expected working capital and capex requirements for the foreseeable future.

**Operating Activities**

A pleasing factor in the operating activities was the improved efficiencies resulting from the investment in the Sydney plant and a focus on reducing manufacturing costs in all divisions.

The Sydney facility is now well bedded down. The carton division is running strongly and efficiencies from the new plant layout and investment in technology are flowing through.

Similarly, the flexibles division which provides pharmaceutical lidding foils and labels is performing ahead of expectation and it is receiving solid industry support for its high quality product from the clean room facilities.

We have employed a number of new staff in many areas of the business to strengthen our team and allow for succession and back-up.

For the remainder of 2008 we expect growth to continue. We are still driving to extract maximum efficiencies from all divisions.

In consultation with our customers we will shortly commence the implementation of ISO14001 – the International Standard for environmental management which will assist the company take the next step in the continuous improvement of our business processes.

<i>Commentary on Results (cont'd):</i>	
<b><u>Dividend</u></b>	
On the basis of the improved results, the company plans to increase its interim dividend to 1.25 cents per share, fully franked, which will be paid on 2 April 2008 and expects to announce its fully franked final dividend later in the year.	
<b><u>Outlook</u></b>	
Performance to date gives the company every confidence that the earnings outlook for the full 2008 financial year will be double digit growth on the 2007 year.	
<i>Audit Statement:</i>	
This report is based on the 2007 Half-Year Report of Colorpak Limited which is in the process of being reviewed by the Company's auditor. An unqualified review report is expected.	
Entities over which control has been gained during the half year	Nil
Entities over which control has been lost during the half year	Nil
Details of associates	Nil
Details of joint venture entities	Nil

**Income Statement**  
for the half-year ended 31 December 2007

	Notes	2007 \$000	2006 \$000
Revenue	4	39,887	35,307
Other income		1	129
Changes in inventories of finished goods and work in progress		(30)	529
Raw materials and consumables used		(15,747)	(14,541)
Employee benefits expense		(12,148)	(10,599)
Depreciation and amortisation		(1,382)	(1,324)
Impairment of plant and equipment		-	(165)
Occupancy costs		(1,309)	(1,157)
Factory operating expense		(2,384)	(2,344)
Other expenses		(1,024)	(1,223)
<b>Profit before tax and finance costs</b>		<b>5,864</b>	<b>4,612</b>
Finance costs	4	(1,295)	(1,308)
<b>Profit before income tax</b>		<b>4,569</b>	<b>3,304</b>
Income tax expense		(1,357)	(976)
<b>Net profit for the period attributable to members of Colorpak Limited</b>		<b>3,212</b>	<b>2,328</b>
Earnings per share (cents per share)			
- basic and diluted for profit for the period attributable to ordinary equity holders of the company		3.99	2.89
Dividends per share (cents per share)	5	1.75	1.75

Balance Sheet as at 31 December 2007

	As at 31 December 2007 \$000	As at 30 June 2007 \$000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	343	321
Trade and other receivables	12,817	13,156
Inventories	10,209	8,071
Prepayments	550	816
<b>Total Current Assets</b>	<b>23,919</b>	<b>22,364</b>
<b>Non-current Assets</b>		
Property, plant and equipment	27,761	28,352
Goodwill	46,134	46,134
<b>Total Non-current Assets</b>	<b>73,895</b>	<b>74,486</b>
<b>TOTAL ASSETS</b>	<b>97,814</b>	<b>96,850</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	9,062	9,184
Interest-bearing loans and borrowings	530	560
Income tax payable	632	254
Provisions	1,776	1,788
<b>Total Current Liabilities</b>	<b>12,000</b>	<b>11,786</b>
<b>Non-current Liabilities</b>		
Interest-bearing loans and borrowings	31,050	32,795
Deferred income tax liabilities	773	455
Provisions	1,102	866
<b>Total Non-current Liabilities</b>	<b>32,925</b>	<b>34,116</b>
<b>TOTAL LIABILITIES</b>	<b>44,925</b>	<b>45,902</b>
<b>NET ASSETS</b>	<b>52,889</b>	<b>50,948</b>
<b>EQUITY</b>		
Issued capital	38,861	38,861
Retained earnings	13,635	11,831
Reserves	393	256
<b>TOTAL EQUITY</b>	<b>52,889</b>	<b>50,948</b>

Colorpak Limited  
Cash Flow Statement  
for the half-year ended 31 December 2007

	Notes	2007 \$000 Inflows/(Outflows)	2006 \$000 Inflows/(Outflows)
<b>Cash flows from operating activities</b>			
Receipts from customers		44,358	39,203
Payments to suppliers and employees		(38,442)	(33,685)
Interest received		9	21
Income taxes paid		(719)	(264)
Finance costs		(1,139)	(1,292)
<b>Net cash flows from (used in) operating activities</b>		<b>4,067</b>	<b>3,983</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		30	1,792
Purchase of property, plant and equipment		(892)	(9,290)
<b>Net cash flows used in investing activities</b>		<b>(862)</b>	<b>(7,498)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	7,500
Repayment of finance lease principal		(275)	(272)
Repayment of borrowings		(1,500)	(1,500)
Payment of dividends	5	(1,408)	(1,408)
<b>Net cash flows from financing activities</b>		<b>(3,183)</b>	<b>4,320</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>22</b>	<b>805</b>
Cash and cash equivalents at beginning of period		321	(889)
<b>Cash and cash equivalents at end of period</b>	9	<b>343</b>	<b>(84)</b>

Statement of Changes in Equity  
for the half-year ended 31 December 2007

	Attributable to equity holders of the Company			
	Issued capital \$000	Retained earnings \$000	Cash flow Hedge reserve \$000	Total equity \$000
<b>At 1 July 2006</b>	38,861	8,993	66	47,920
Cash flow hedges:				
Gains / (losses) taken to equity	-	-	110	110
Deferred tax on gains / (losses)	-	-	(33)	(33)
Total income and expense for the period recognised directly in equity	-	-	77	77
Profit for the period	-	2,328	-	2,328
Total income / expense for the period	-	2,328	77	2,405
Equity dividends	-	(1,408)	-	(1,408)
<b>At 31 December 2006</b>	<b>38,861</b>	<b>9,913</b>	<b>143</b>	<b>48,917</b>
<b>At 1 July 2007</b>	38,861	11,831	256	50,948
Cash flow hedges:				
Gains / (losses) taken to equity	-	-	196	196
Deferred tax on gains / (losses)	-	-	(59)	(59)
Total income and expense for the period recognised directly in equity	-	-	137	137
Profit for the period	-	3,212	-	3,023
Total income / expense for the period	-	3,212	137	3,349
Equity dividends	-	(1,408)	-	(1,408)
<b>At 31 December 2007</b>	<b>38,861</b>	<b>13,635</b>	<b>393</b>	<b>52,889</b>

## Notes to the half-year ended 31 December 2007 Financial Statements

### **1. Summary of significant accounting policies**

The half-year condensed financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

The half-year condensed financial report should be read in conjunction with the annual financial report of Colorpak Limited as at 30 June 2007. It is also recommended that the half-year condensed financial report be considered together with any public announcements made by Colorpak Limited during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### **(a) Basis of preparation**

The half-year condensed financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements.

The half-year condensed financial report has been prepared in accordance with the historical cost basis except for derivative financial instruments that have been measured at fair value. The carrying values of recognised liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

For the purpose of preparing the half-year condensed financial report, the half-year has been treated as a discrete reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

#### **(b) Significant accounting policies**

The half-year condensed financial report has been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007.

Notes to the half-year ended 31 December 2007 Financial Statements

**2. Segment Information**

The major product/services from which the company derived revenue during the half-year was the structural design and production of folding cartons, printed leaflets, blister and lidding foils, self-adhesive labels and laminates, point of sale displays and other paperboard packaging products.

The company operates entirely in Australia.

**3. Revenue and Expenses**

**(a) Specific Items**

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the company:

**(i) Revenue**

	2007 \$000	2006 \$000
Sale of goods and services	39,492	34,948
Interest from unrelated persons	9	21
Other revenue	386	338
	39,887	35,307

**(ii) Expenses**

**Finance costs**

Interest paid or payable to unrelated persons	1,166	1,233
Finance charges payable under finance leases and hire purchase contracts	89	92
<b>Total finance costs (on historical cost basis)</b>	<b>1,255</b>	<b>1,325</b>
Fair value change on interest rate swaps	40	(17)
<b>Total finance costs expensed</b>	<b>1,295</b>	<b>1,308</b>

**(b) Seasonality of Operations**

The Company does not typically experience seasonality in relation to demand for its product. Subject to revenue growth attributable to new customers, revenues tend to average out on a productive day basis throughout the year, with a similar number of productive days in both halves of the year.

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Notes to the half-year ended 31 December 2007 Financial Statements

	2007 \$000	2006 \$000
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<b>4. Dividends Paid and Proposed</b>		
<b>Equity dividends on ordinary shares:</b>		
<b>(a) Dividends declared and paid during the half-year</b>		
Final franked dividend for financial year 30 June 2007: 1.75 cents (2006: 1.75 cents)	1,408	1,408
<b>(b) Dividends proposed and not yet recognised as a liability</b>		
Interim franked dividend for financial year 30 June 2008: <b>1.25</b> cents (2007: 1.0 cent)	1,006	805
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	2,414	2,213
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<b>5. Expenditure Commitments</b>		
Estimated capital expenditure contracted for at reporting date, but not provided for:	194	330
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