

1 December 2004

The Companies Announcements Officer
Australian Stock Exchange Limited

Via E-lodgement

CKL acquires Castle Graphics

Colorpak (ASX:CKL) today announced that the Company had acquired the self-adhesive label and flexible packaging business of Castle Graphics Pty Ltd.

The acquisition is part of Colorpak's strategy to further broaden its high quality product and service offerings to its existing and potential customer base. Colorpak supplies predominantly short-run, folding carton packaging for some of the best-known brands in the pharmaceuticals, healthcare, cosmetics, confectionery and other consumer goods sectors.

In the 2004 financial year, Sydney based Castle Graphics achieved revenues of \$6.5 million. The acquisition price was based on a multiple of five times earnings and is immediately earnings per share positive to Colorpak.

Colorpak Managing Director Alex Commins said "The acquisition represents a key strategic step for Colorpak. We were attracted to Castle Graphics because it extends Colorpak's service offerings to include blister and lidding foils, self-adhesive labels and assorted flexible packaging and also of its long-standing reputation as a quality supplier. Its fit with Colorpak is perfect with approximately 70% of its sales going directly to a portfolio of blue chip clients in the pharmaceutical / healthcare sector.

"This acquisition increases our presence in the Sydney market and is well timed as we prepare to move our entire Sydney operation to a greenfield site in Regents Park in December 2005."

"With both businesses having common customers, the other exciting aspect of this acquisition is that it provides both growth and synergy opportunities because it also introduces Colorpak to many new customers, including four in the pharma / healthcare sector."

Castle Graphics owner, Mr Garry Lingard, has run this business since 1993 Mr Lingard is a well known and respected business man in the Australian printing and packaging industry. Mr Lingard said "I am delighted to be joining forces with an excellent company like Colorpak as it will assure the long term future and development of the company and staff. The acquisition of our business provides Colorpak with valuable resources, good synergies and a growth platform in complementary new product lines. It is, by any measure, an excellent fit".

The acquisition has an effective date of 1 December 2004. The purchase consideration was \$4 million, satisfied by the issue of 3,288,392 in shares, issued at \$0.6082, and \$2 million cash.

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The purchase agreement contains structured earn-outs under which additional performance payments may become due in the event that defined earnings hurdles are satisfied. Any such payments will be funded either by further equity issues or use of existing cash reserves, at Colorpak's discretion.

The Colorpak Board welcomes the equity participation of Castle Graphics Pty Ltd, as an indication of shared confidence in the future of the combined company.

On the Company's overall progress, Mr Commins said "Colorpak is still tracking on target to achieve its 2005 forecast as set out in its March 2004 Prospectus. We are pleased with the performance year-to-date and confident about our future prospects as the industry continues to consolidate."

For further information, please contact:

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