

Rule 4.3A

Appendix 4E

Preliminary Final Report

| | |
|-------------------------|-----------------------|
| Name of entity | ABN |
| Colorpak Limited | 56 107 485 898 |

| | |
|--|--------------------------------|
| Current reporting period: | Previous corresponding period: |
| Financial year ended 30 June 2009 | Period ended 30 June 2008 |

| Results for announcement to the market | AUD'000s |
|---|---------------------------------------|
| Revenues from ordinary activities | up / down 0.01 % to 78,764 |
| Profit from ordinary activities after tax attributable to members | up / down 9.5 % to 5,620 |
| Net profit for the period attributable to members | up / down 9.5 % to 5,620 |

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

For further explanations, see commentary on results below.

| | Amount per security | Franked amount per security |
|---|---------------------|-----------------------------|
| Final dividend | 1.75 cents | 1.75 cents |
| Interim dividend | 1.25 cents | 1.25 cents |
| Record date for determining entitlements to the final and special dividends | 7 September 2009 | |
| Dividend reinvestment plan | not applicable | |
| | 2009 | 2008 |
| Net tangible assets per security | 12.6 cents | 11.0 cents |

Appendix 4E
Preliminary Final Report
Colorpak Limited

| | | |
|--|--------|---|
| <i>Commentary on Results:</i> | | See separate report below |
| <i>Audit Statement:</i> This report is based on the 2009 Annual Report of Colorpak Limited which is in the process of being audited. An unqualified audit report is expected. | | |
| Entities over which control has been gained during the year | | Nil |
| Entities over which control has been lost during the year | | Nil |
| Details of associates | | Nil |
| Details of joint venture entities | | Nil |
| Annual General meeting will be held at: | Place: | The Westin, 205 Collins Street Melbourne Vic 3000 |
| | Date: | Friday, 23 October 2009 |
| | Time: | 11.00 am |

Commentary on Results

Financial Performance

The company achieved a NPAT of \$5.620 million for 2008/09 which was down 9.5% from \$6.210 million in the prior year. Earnings per share amounted to 6.94 cents per share which was 10% down from 7.72 cents per share in the previous year as a consequence of the lower NPAT and the higher shares on issue from the take-up of the dividend re-investment.

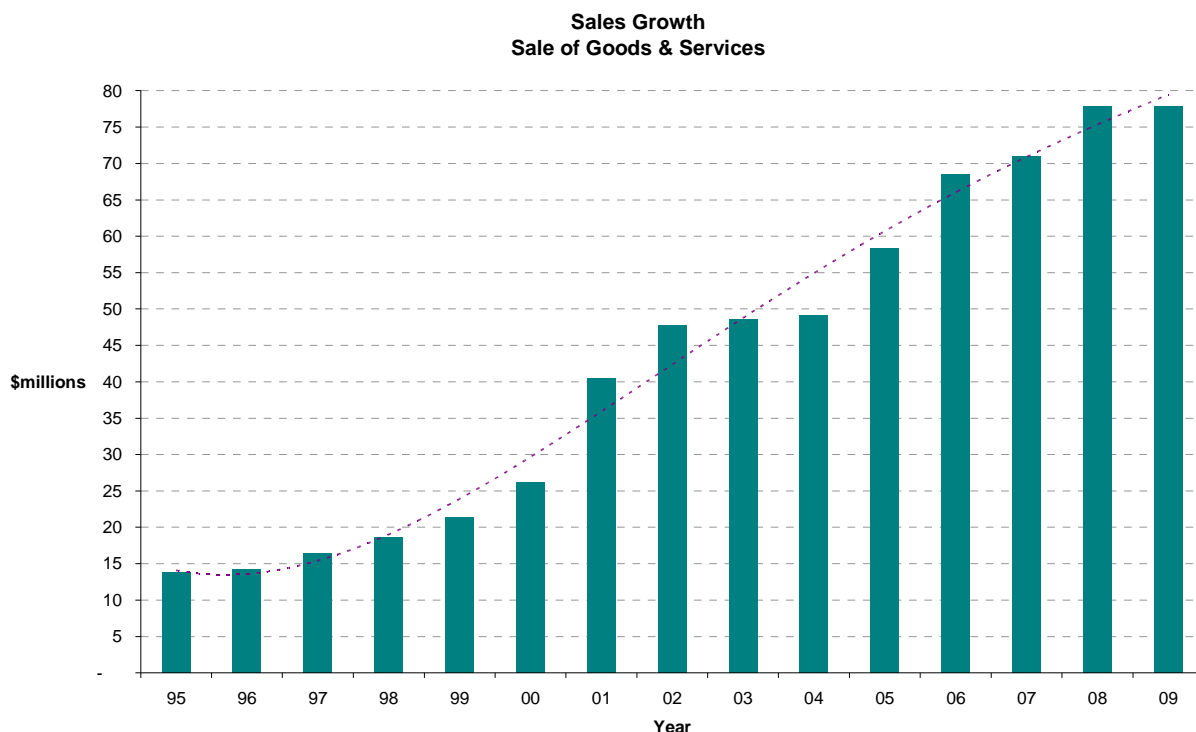
Trading was ahead of the previous year until March 2009, but slowed in the last quarter as customers reduced inventory in response to the global recession. Overall, revenue from sale of goods and services amounted to \$77.66 million, which was 0.2% below the previous year. The company's assessment is that this inventory contraction is likely to be a short term influence as the underlying demand for pharmaceuticals and consumer goods remains positive.

Accordingly, NPAT fell short of expectations, which reflects the competitive pressure in the sector in a low growth environment. Raw materials and production costs were carefully controlled throughout the year.

Once again Colorpak has been independently rated at the top of the table for its overall service, quality and customer satisfaction and remains the premium supplier to the pharmaceutical industry.

The company has increased the certainty for future revenue by extending a number of key contracts during the year.

Compound sales growth over the last 10 years has averaged 13.7% pa. Colorpak's revenue history, incorporating revenues from the Colorpak and Foilmasters' predecessor businesses, is set out in the following table:



Cash Flow

Cash generation from operations for the year was very strong, with an inflow of \$10.049 million aided by a major improvement in debtor management of \$1.949 million, a significant milestone considering a trend in credit agency reports suggests that increased debtor days are common in the current economic conditions.

Net capital expenditure for the year was \$5.6 million, slightly up on the target from last year's annual report of \$5.0 million due to additional assets purchased to take advantage of the government's investment allowance program. The main items of capital expenditure for the year were a new press and die-cutting machine for the Sydney operation. Net capital expenditure in 2010 is expected to be in the order of \$3 million.

The company achieved its planned debt reduction with net debt at 30 June 2009 amounting to \$27.8 million. Gearing, as measured by net debt / net debt+equity has fallen to 33.0% and is now at the lowest level since the company listed and well below the peak of 43.9% in October 2006. Colorpak maintains adequate cash reserves and undrawn bank credit limits to meet foreseeable needs.

Operating Activities

Another printing and die-cutting line was added in the Regents Park factory which enables further improvement of our customer service in NSW by shortening delivery times. It also establishes capacity for future growth.

Operational performance was very sound throughout the year with an improved level of quality and delivery performance. A three year enterprise bargaining agreement was signed at Regents Park following similar arrangements being put in place at Braeside and this provides an excellent platform for ongoing operational efficiency.

The company achieved Environmental Certification – ISO 14001 in December 2008 and FSC and PEFC in October 2008, recognising the systematic approach taken with quality and environmental performance. A continued focus on environmental sustainability positively changed a number of the company's routines and also resulted in an emerging speciality in waterless printing which many customers are finding an attractive offering.

The company's input costs increased over the year as movements in exchange rates increased raw material prices. Local suppliers took the opportunity to follow this lead. In the current climate it has been extremely difficult to simply pass through the full increase in input costs. The company has continued to assist customers with innovative carton design, streamlined carton specifications and alternative operational approaches in order to maintain overall margins. We have also re-signed four of our major customer contracts to longer terms in the past year which gives greater certainty to our ongoing business model.

Administrative efficiency was also improved with an investment in IT staff and infrastructure. Importantly, IT risks have been mitigated with full data back-up for each factory.

Appendix 4E Preliminary Final Report Colorpak Limited

Shareholder Returns

| The company has delivered the following returns to shareholders: | | | | | | |
|--|-------|-------|-------|-------|--------|------|
| | Notes | 2009 | 2008 | 2007 | 2006 | 2005 |
| Basic earnings per share (cents) | | 6.94 | 7.72 | 6.28 | 5.59 | 6.84 |
| Return on assets (%) | | 5.8 | 6.2 | 5.2 | 4.8 | 6.4 |
| Return on equity (%) | | 10.5 | 12.0 | 10.4 | 9.9 | 12.5 |
| Gearing (debt / debt+equity) (%) | | 33.0 | 34.9 | 39.3 | 40.1 | 37.7 |
| Dividend payout ratio (%) | 1. | 43.3 | 51.8 | 43.8 | 49.2 | 37.8 |
| Total shareholder return (%) | 2. | (6.4) | (7.4) | 14.8 | (22.7) | 41.3 |
| Available franking credits (\$000) | | 4,971 | 3,978 | 3,520 | 3,365 | 662 |

1. Includes the proposed final dividend and special dividend payable in October.
2. Excludes final dividend. Based on the share price of \$0.40 at 30 June 2009.

Asset and Capital Structure

| | 2009 | 2008 |
|---------------------------------------|--------|---------|
| | \$000 | \$000 |
| Debt: | | |
| Interest bearing loans and borrowings | 27,500 | 30,944 |
| Cash and cash equivalents | 315 | (1,476) |
| Net debt | 27,815 | 29,468 |
| Total equity | 56,347 | 54,958 |
| Total capital employed | 84,162 | 84,426 |
| Gearing (Debt / Debt+Equity) | 33.0% | 34.9% |

The company's balance sheet continues to strengthen as a consequence of its earnings performance and strong cash flows. The company does not have a firm established policy however a long term gearing range of 30% - 50% is considered appropriate.

Aggregate debt has steadily reduced during the year and net debt has reduced by \$1.653 million, consistent with the company's declared focus on debt retirement.

Treasury

A profile of the company's debt finance is as follows:

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| Current | | |
| Obligations under finance leases and hire purchase | - | 617 |
| Bank overdraft | 318 | - |
| Bank loans – secured by debenture security | - | - |
| | 318 | 617 |
| Non-current | | |
| Obligations under finance leases and hire purchase | - | 1,327 |
| Bank loans – secured by debenture security | 27,500 | 29,000 |
| | 27,500 | 30,327 |
| | 27,818 | 30,944 |

Note 12 explains changes that have been implemented in relation to the company's banking facilities in response to the impact of the global financial crisis on Australia's corporate banking climate.

The company had \$7.0 million in cash and immediately drawable overdraft and bill facilities at 30 June 2009. There are no debt repayment requirements before January 2011, at which time those facilities are expected to be renewed. The company continues to generate steady cash and the company's capacity to create business development opportunities continues to improve.

95% of the company's drawn debt was fixed at 30 June 2009 with a relatively even reduction in fixed debt exposures across the years 2010 to 2013. The company has a policy of reviewing and adjusting its level of debt that is subject to fixed interest rates periodically in response to prevailing market conditions.

Investments for Future Performance

The company's facilities are modern and efficient and the capital investment program of the past few years has substantially lifted capacity. There will be further investment to support opportunities that exist in the blister and lidding foil and labels market in Sydney and, taking this into account, capital expenditures over the next few years are expected to more closely align with the annual depreciation charge.

Outlook

In the current economic environment and market conditions, the company expects modest growth in sales and profitability for the 2010 financial year. Cash flows from operations are expected to continue to be robust, further strengthening the company's Balance Sheet and enabling planned and opportunistic growth options to be considered.

Dividend

The company is pleased to announce a final dividend of 1.75 cents per share, fully franked, which will be paid on 5 October 2009.

This brings the full year dividend for 2009 to 3.00 cents per share, fully franked. Whilst the dividend payout ratio is 43%, this level of dividend related to the share price at 30 June 2009 of 40.0 cents provides a dividend yield of 7.5%, fully franked.

The directors have determined that the re-investment plan will not be offered in respect to the dividend payable in October 2009.

Income Statement for the year ended 30 June 2009

| | Notes | 2009 \$000 | 2008 \$000 |
|---|-------|-----------------|---------------|
| Revenue | 1 | 78,764 | 78,753 |
| Other income | | - | - |
| Changes in inventories of finished goods and work in progress | | 723 | 10 |
| Raw materials and consumables used | | (32,051) | (30,794) |
| Employee benefits expense | 1 | (23,594) | (24,055) |
| Depreciation and amortisation | | (3,005) | (2,852) |
| Impairment of plant and equipment | 9 | 26 | (37) |
| Other indirect manufacturing costs | | (5,888) | (5,143) |
| Occupancy costs | | (2,513) | (2,656) |
| Other expenses | | (1,989) | (1,742) |
| Profit before tax and finance costs | | 10,473 | 11,484 |
| Finance costs | 1 | (2,467) | (2,586) |
| Profit before income tax | | 8,006 | 8,898 |
| Income tax expense | 2 | (2,386) | (2,688) |
| Net profit for the period attributable to members of Colorpak Limited | | 5,620 | 6,210 |
| | | | |
| Earnings per share (cents per share) | | | |
| - Basic and diluted on profit for the year attributable to ordinary equity holders of the company | 3 | 6.94 | 7.72 |
| | | | |
| Dividends per share (cents per share) | 4 | 3.00 | 4.00 |

Balance Sheet as at 30 June 2009

| | Note | 2009 \$000 | 2008 \$000 |
|---------------------------------------|------|---------------|---------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 3 | 1,476 |
| Trade and other receivables | 6 | 11,702 | 13,715 |
| Inventories | 7 | 8,830 | 9,564 |
| Other current assets | 8 | 684 | 973 |
| Total Current Assets | | 21,219 | 25,728 |
| Non-current Assets | | | |
| Derivative financial instruments | 15 | - | 682 |
| Property, plant and equipment | 9 | 29,655 | 26,960 |
| Goodwill | 10 | 46,134 | 46,134 |
| Total Non-current Assets | | 75,789 | 73,776 |
| TOTAL ASSETS | | 97,008 | 99,504 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 7,620 | 8,713 |
| Interest-bearing loans and borrowings | 12 | 318 | 617 |
| Income tax payable | | 455 | 1,120 |
| Provisions | 13 | 1,637 | 2,022 |
| Derivative financial instruments | 15 | 165 | 11 |
| Total Current Liabilities | | 10,195 | 12,483 |
| Non-current Liabilities | | | |
| Interest-bearing loans and borrowings | 12 | 27,500 | 30,327 |
| Deferred income tax liabilities | 2 | 965 | 871 |
| Provisions | 13 | 900 | 865 |
| Derivative financial instruments | 15 | 1,101 | - |
| Total Non-current Liabilities | | 30,466 | 32,063 |
| TOTAL LIABILITIES | | 40,661 | 44,546 |
| NET ASSETS | | 56,347 | 54,958 |
| EQUITY | | | |
| Contributed equity | 14 | 39,214 | 38,861 |
| Retained profits | | 18,019 | 15,627 |
| Reserves | | (886) | 470 |
| TOTAL EQUITY | | 56,347 | 54,958 |

Cash Flow Statement for the year ended 30 June 2009

| | 2009 \$000 | 2008 \$000 |
|---|--------------------|--------------------|
| Note | Inflows/(Outflows) | Inflows/(Outflows) |
| Cash flows from operating activities | | |
| | 88,477 | 85,685 |
| | (73,698) | (74,029) |
| 1 | 24 | 14 |
| | (2,377) | (1,498) |
| | (2,377) | (2,557) |
| 5 | <u>10,049</u> | <u>7,615</u> |
| Cash flows from investing activities | | |
| | 49 | 102 |
| | (5,571) | (1,736) |
| | <u>(5,522)</u> | <u>(1,634)</u> |
| Cash flows from financing activities | | |
| | - | - |
| | (1,943) | (562) |
| | (1,500) | (1,850) |
| 4 | (2,875) | (2,414) |
| | <u>(6,318)</u> | <u>(4,826)</u> |
| | (1,791) | 1,155 |
| | 1,476 | 321 |
| 5 | <u>(315)</u> | <u>1,476</u> |

Statement of Changes in Equity
for the year ended 30 June 2009

| | Attributable to equity holders of the company | | | |
|--|---|---------------------|----------------------------|-----------------|
| | Contributed equity | Retained profits | Cash flow hedge reserve | Total equity |
| | \$000 | \$000 | \$000 | \$000 |
| At 1 July 2008 | 38,861 | 15,627 | 470 | 54,958 |
| Cash flow hedges: | | | | |
| Gains / (losses) taken to equity | - | - | (1,937) | (1,937) |
| Deferred tax on gains / (losses) | - | - | 581 | 581 |
| Total income and expense for the period recognised directly in equity | - | - | (1,356) | (1,356) |
| Net profit for the period | - | 5,620 | - | 5,620 |
| Total income / expense for the period | - | 5,620 | (1,356) | 4,264 |
| Issued capital during the period | 353 | - | - | 353 |
| Equity dividends | - | (3,228) | - | (3,228) |
| At 30 June 2009 | 39,214 | 18,019 | (886) | 56,347 |
| | | | | |
| At 1 July 2007 | 38,861 | 11,831 | 256 | 50,948 |
| Cash flow hedges: | | | | |
| Gains / (losses) taken to equity | - | - | 306 | 306 |
| Deferred tax on gains / (losses) | - | - | (92) | (92) |
| Total income and expense for the period recognised directly in equity | - | - | 214 | 214 |
| Net profit for the period | - | 6,210 | - | 6,210 |
| Total income / expense for the period | - | 6,210 | 214 | 6,424 |
| Equity dividends | - | (2,414) | - | (2,414) |
| At 30 June 2008 | 38,861 | 15,627 | 470 | 54,958 |

1. REVENUES & EXPENSES

| | Note | 2009 \$000 | 2008 \$000 |
|--|------|---------------|---------------|
| (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 | | | |
| Sale of goods and services | | 77,664 | 77,806 |
| Interest from unrelated persons | | 24 | 14 |
| Other revenue | | 1,076 | 933 |
| | | 78,764 | 78,753 |
| (ii) Expenses | | | |
| Finance costs | | | |
| Interest paid or payable to unrelated persons | | 2,371 | 2,382 |
| Finance charges payable under finance leases and hire purchase contracts | | 96 | 164 |
| Total finance costs | | 2,467 | 2,546 |
| Fair value change on interest rate swaps | 15 | - | 40 |
| Total finance costs expensed | | 2,467 | 2,586 |
| Impairment of plant and equipment: | | | |
| Other impairment losses | 9 | - | 107 |
| Reversal prior period impairment loss on asset disposal | | (26) | (70) |
| | | (26) | 37 |
| Lease payments included in income statement | | | |
| Minimum lease payments – operating leases | | 1,837 | 1,816 |
| Other expenses includes: | | | |
| Doubtful debts | | 169 | (9) |
| Employee benefits expense includes: | | | |
| Superannuation | | 1,587 | 1,494 |
| Senior executive incentive plan | | 59 | 509 |
| | | 1,646 | 2,012 |

2. INCOME TAX

The major components of income tax expense are:

Income Statement

| | 2009 | 2008 |
|--|--------------|-------|
| | \$000 | \$000 |
| <i>Current income tax</i> | | |
| Current income tax charge | 1,712 | 2,369 |
| Adjustments in respect of current income tax of previous years | (1) | (5) |
| <i>Deferred income tax</i> | | |
| Relating to origination and reversal of temporary differences | 674 | 324 |
| Income tax expense reported in the income statement | 2,385 | 2,688 |

Statement of changes in equity

Deferred income tax related to items charged or credited directly to equity

| | | |
|---|--------------|----|
| Net gain on revaluation of cash flow hedges | (581) | 92 |
| Income tax expense reported in equity | (581) | 92 |

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:

| | | |
|--|--------------|-------|
| Accounting profit before income tax | 8,006 | 8,898 |
| Tax expense at the company's statutory income tax rate (30%) | 2,401 | 2,669 |
| - Adjustments in respect of current income tax of previous years | (1) | (5) |
| - Investment allowance | (41) | - |
| - Expenditure not allowable for income tax purposes | 26 | 24 |
| Income tax expense reported in the income statement | 2,385 | 2,688 |

2. INCOME TAX (continued)

Deferred Income Tax

Deferred income tax at 30 June relates to:

| | <i>Balance sheet</i> | | <i>Income statement</i> | |
|---|----------------------|-------|-------------------------|-------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$000 | \$000 | \$000 | \$000 |
| <i>Deferred income tax assets</i> | | | | |
| Doubtful debts | 47 | 2 | 45 | 11 |
| Inventory provisions | 34 | 44 | (11) | (11) |
| Employee benefits | 761 | 866 | (105) | (70) |
| Float costs | - | - | - | 91 |
| Accruals | 104 | 248 | (144) | (102) |
| Acquisition costs | - | 7 | (7) | 22 |
| Restructure costs | 44 | 60 | (16) | 13 |
| Gross deferred income tax assets | 990 | 1,227 | | |
| <i>Deferred income tax liabilities</i> | | | | |
| Accelerated depreciation for tax purposes | 2,334 | 1,897 | (436) | 382 |
| Interest swaps (held for trading) | - | - | - | (12) |
| Interest swaps (cash flow hedges) | (380) | 201 | - | - |
| Gross deferred income tax liabilities | 1,954 | 2,098 | | |
| Deferred income tax charge | | | (674) | 324 |
| Net deferred tax liabilities | 964 | 871 | | |

3. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

| | 2009 | 2008 |
|---|-------------------|------------|
| Basic and diluted earnings per share (cents per share) | 6.94 | 7.72 |
| Weighted average number of ordinary shares used in the calculation of basic and dilutive earnings | 80,974,884 | 80,476,828 |
| Net profit used in the calculation of basic and diluted earnings per share (\$000) | 5,620 | 6,210 |

Subscription or issues after 30 June 2009

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

4. DIVIDENDS PAID AND PROPOSED

| | 2009 | | 2008 | |
|--|--------------|--|--------------|--------------------------|
| | \$000 | | \$000 | |
| (a) Recognised amounts | | | | |
| <i>Declared and paid during the year:</i> | | | | |
| Dividends on ordinary shares: | | | | |
| Final franked dividend for 2008: 1.75 cents (2007: 1.75 cents) | 1,408 | | 1,408 | |
| Special franked dividend for 2008: 1.00 cents (2007: Nil) | 805 | | - | |
| Interim franked dividend for 2009: 1.25 cents (2008: 1.25 cents) | 1,014 | | 1,006 | |
| | 3,227 | | 2,414 | |
| (b) Unrecognised amounts: | | | | |
| Dividends on ordinary shares: | | | | |
| Final franked dividend for 2009: 1.75 cents (2008: 1.75 cents) | 1,420 | | 1,408 | |
| Special franked dividend for 2009: nil cents (2008: 1.00 cents) | - | | 805 | |
| | 1,420 | | 2,213 | |
| | | | | Franking credit balance: |
| The amount of franking credits available for the subsequent financial year are: | | | | |
| • franking account balance as at the end of the financial year at 30% (2008: 30%) | 4,971 | | 3,978 | |
| • franking credits that will arise / be lost from the payment / (receipt) of income tax payable / receivable as at the end of the financial year | 455 | | 1,120 | |
| Amount of franking credits available for future reporting periods | 5,426 | | 5,098 | |
| • impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period | (609) | | (948) | |
| | 4,817 | | 4,150 | |

The tax rate at which paid dividends have been franked is 30%. Dividends proposed will be franked at the rate of 30%.

5. CASH AND CASH EQUIVALENTS

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 30 June 2009, the company had available \$7.031 million (2008: \$10.323 million) of cash and undrawn committed borrowing facilities in respect of which conditions precedent had been met.

Reconciliation to Cash Flow Statement

| | | | 2009 | 2008 |
|---|----|--|--------------|--------------|
| | | | \$000 | \$000 |
| For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June: | | | | |
| Cash on hand | | | 3 | 3 |
| Cash at bank – with overdraft facility | 12 | | (318) | 1,473 |
| Closing cash balance | | | (315) | 1,476 |

5. CASH AND CASH EQUIVALENTS (continued)

Reconciliation of net profit after tax to the net cash flows from operations

| | | |
|--|----------------|---------|
| Net profit | 5,620 | 6,210 |
| Adjustments for non-cash items: | | |
| Depreciation of non-current assets | 3,004 | 2,852 |
| Impairment of non-current assets | (26) | 37 |
| Net (profit) / loss on disposal of plant & equipment | 4 | 2 |
| Changes in assets and liabilities: | | |
| Decrease/(Increase) in assets: | | |
| Trade and other receivables | 2,013 | (965) |
| Inventories | 734 | (1,494) |
| Prepayments ⁽¹⁾ | 134 | (20) |
| Derivative financial instruments ⁽²⁾ | - | 40 |
| (Decrease)/Increase in liabilities: | | |
| Trade payables | (1,156) | (36) |
| Provisions | (350) | 233 |
| Other payables | 63 | (435) |
| Income tax payable | (665) | 866 |
| Deferred income tax liabilities | 674 | 325 |
| Net cash from operating activities | 10,075 | 7,615 |

⁽¹⁾ The movement in prepayments excludes \$0.156 million net movement on property, plant & equipment (2008: \$0.137 million).

⁽²⁾ The movement in Derivative Financial Instruments excludes \$(1.937) million (2008: \$0.305 million) interest swaps taken directly to reserves.

Disclosure of financing facilities - refer to note 12.

Disclosure of non-cash financing and investing activities - refer to note 9(ii).

6. TRADE AND OTHER RECEIVABLES (current)

| | Note | 2009 \$000 | 2008 \$000 |
|-------------------------------|------|-----------------------------|---------------|
| Trade receivables | | 11,473 | 13,422 |
| Allowance for impairment loss | (a) | (158) | (8) |
| | | 11,315 | 13,414 |
| Other receivables | | 387 | 301 |
| Total current receivables | | 11,702 | 13,715 |

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and generally on 30 or 60 day terms. A provision for impairment loss is recognised when there is objective evidence that a trade receivable is impaired. An impairment loss of \$0.158 million (2008: \$0.008 million) has been recognised for specific debtors for which such evidence exists. The amount of the impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

Movements in the provision for impairment loss were as follows:

| | | |
|--|-------------|------|
| At 1 July | 8 | 44 |
| Charge for the year | 169 | (9) |
| Amounts written-off (included in Other Expenses) | (19) | (27) |
| At 30 June | 158 | 8 |

At 30 June, the ageing analysis of trade receivables is as follows:

| | | |
|---------------------------------------|---------------|--------|
| 0 – 30 days | 6,794 | 7,102 |
| 31 – 60 days | 1,362 | 1,664 |
| 31 – 60 days Past due not impaired | 2,672 | 3,015 |
| 61 – 90 days Past due not impaired | 323 | 823 |
| 90+ days Past due not impaired | 147 | 810 |
| 90+ days Considered impaired | 175 | 8 |
| At 30 June | 11,473 | 13,422 |

Receivables past due but not considered impaired are \$3.142 million (2008: \$4.648 million). Payment terms on these amounts have not been re-negotiated although credit has been stopped until full payment is made in limited instances. The company has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

7. INVENTORIES (Current)

| | 2009 | 2008 |
|---|--------------|-------|
| | \$000 | \$000 |
| At cost: | | |
| Raw materials and stores | 4,167 | 5,660 |
| Work in progress | 1,604 | 1,519 |
| Finished goods | 3,171 | 2,532 |
| | 8,942 | 9,711 |
| Less, provision for impairment loss | (112) | (147) |
| Total inventories at the lower of cost and net realisable value | 8,830 | 9,564 |

8. OTHER CURRENT ASSETS

| | 2009 | 2008 |
|-------------------------------|--------------|-------|
| | \$000 | \$000 |
| Prepayments | 642 | 775 |
| Deposits on plant & equipment | 42 | 198 |
| Total prepayments | 684 | 973 |

9. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold Improvements \$000 | Computers & Office Equipment \$000 | Motor Vehicles \$000 | Plant & Equipment \$000 | Furniture, Fixtures & Fittings \$000 | Total \$000 |
|---|------------------------------------|---|----------------------------|-------------------------------|---|----------------|
| Year Ended 30 June 2009 | | | | | | |
| At 1 July 2008, net of accumulated depreciation and impairment | 264 | 706 | 104 | 25,744 | 142 | 26,960 |
| Additions | 30 | 687 | 20 | 4,947 | 42 | 5,726 |
| Disposals | - | - | (19) | (33) | - | (52) |
| Impairment | - | - | - | 26 | - | 26 |
| Depreciation charge for the year | (49) | (405) | (24) | (2,500) | (27) | (3,005) |
| At 30 June 2009, Net of accumulated depreciation | <u>245</u> | <u>988</u> | <u>81</u> | <u>28,184</u> | <u>157</u> | <u>29,655</u> |
| At 1 July 2008 | | | | | | |
| Cost or fair value | 412 | 1,576 | 278 | 34,119 | 177 | 36,562 |
| Accumulated depreciation and impairment | (148) | (870) | (174) | (8,375) | (35) | (9,602) |
| Net carrying amount | <u>264</u> | <u>706</u> | <u>104</u> | <u>25,744</u> | <u>142</u> | <u>26,960</u> |
| At 30 June 2009 | | | | | | |
| Cost or fair value | 442 | 2,264 | 244 | 38,905 | 218 | 42,073 |
| Accumulated depreciation and impairment | (197) | (1,276) | (163) | (10,721) | (61) | (12,418) |
| Net carrying amount | <u>245</u> | <u>988</u> | <u>81</u> | <u>28,184</u> | <u>157</u> | <u>29,655</u> |
| Year Ended 30 June 2008 | | | | | | |
| At 1 July 2007, net of accumulated depreciation and impairment | 251 | 519 | 148 | 27,359 | 75 | 28,352 |
| Additions | 58 | 436 | 10 | 1,020 | 76 | 1,600 |
| Disposals | - | (1) | (22) | (80) | - | (103) |
| Impairment | - | - | - | (37) | - | (37) |
| Depreciation charge for the year | (45) | (248) | (32) | (2,518) | (9) | (2,852) |
| At 30 June 2008, Net of accumulated depreciation | <u>264</u> | <u>706</u> | <u>104</u> | <u>25,744</u> | <u>142</u> | <u>26,960</u> |
| At 1 July 2007 | | | | | | |
| Cost or fair value | 354 | 1,145 | 320 | 33,207 | 101 | 35,127 |
| Accumulated depreciation and impairment | (103) | (626) | (172) | (5,848) | (26) | (6,775) |
| Net carrying amount | <u>251</u> | <u>519</u> | <u>148</u> | <u>27,359</u> | <u>75</u> | <u>28,352</u> |
| At 30 June 2008 | | | | | | |
| Cost or fair value | 412 | 1,576 | 278 | 34,119 | 177 | 36,562 |
| Accumulated depreciation and impairment | (148) | (870) | (174) | (8,375) | (35) | (9,602) |
| Net carrying amount | <u>264</u> | <u>706</u> | <u>104</u> | <u>25,744</u> | <u>142</u> | <u>26,960</u> |

9. PROPERTY, PLANT AND EQUIPMENT (continued)

- (i) All property, plant and equipment has been pledged as security under a fixed charge pursuant to a debenture security administered by National Australia Trustees Limited (see note 12). The terms of the security preclude assets:
1. being sold unless being replaced by an asset providing a similar function; and
 2. being used as security for further mortgages, without the prior approval of the lender.
- (ii) The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2009 is nil (2008: \$3.467 million). Additions during the year include nil (2008: nil) of plant and equipment held under finance leases and hire purchase contracts. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Impairment of property, plant and equipment

The company did not incur any impairment losses during the year.

10. GOODWILL (NON-CURRENT)

| | 2009 \$000 | 2008 \$000 |
|--------------------------------------|---------------|---------------|
| Goodwill | | |
| Cost (gross carrying amount) | 46,134 | 46,134 |
| Impairment losses | - | - |
| Net carrying amount | 46,134 | 46,134 |
| | | |
| At 1 July, net of impairment losses | 46,134 | 46,134 |
| Impairment | - | - |
| At 30 June, net of impairment losses | 46,134 | 46,134 |

No impairment loss existed for the 2009 financial year.

11. TRADE AND OTHER PAYABLES (Current)

| | 2009 \$000 | 2008 \$000 |
|--------------------------------|---------------|---------------|
| <i>Unsecured liabilities</i> | | |
| Trade payables | 4,287 | 5,443 |
| Other payables | 3,333 | 3,270 |
| Total trade and other payables | 7,620 | 8,713 |

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

12. INTEREST BEARING LOANS AND BORROWINGS

| | Note | 2009 \$000 | 2008 \$000 |
|--|--------------|---------------|---------------|
| Current | | | |
| <i>Secured liabilities</i> | | | |
| Bank overdraft | (i) | 318 | - |
| Bank loan | (ii), (iv) | - | - |
| Obligations under finance leases and hire purchase contracts | (iii), 16(b) | - | 617 |
| Total current interest bearing liabilities | | 318 | 617 |
| Non-current | | | |
| <i>Secured liabilities</i> | | | |
| Bank loans | (ii), (iv) | 27,500 | 29,000 |
| Obligations under finance leases and hire purchase contracts | (iii), 16(b) | - | 1,327 |
| Total non-current interest bearing liabilities | | 27,500 | 30,327 |

- (i) Bank overdraft is provided under a \$3 million facility expiring on 31 January 2010. The interest rate applicable at 30 June 2009 was 11.38% (2008: 12.78%) plus a line fee of 0.40% on the limit.
- (ii) Bank loans are provided under a facility with the National Australia Bank Limited, with an aggregate facility limit of \$31.85 million at 30 June 2009 (2008: \$34.85 million). This facility expires, unless extended, on 31 January 2011. There is no ongoing repayment requirement on the loan facilities and it is management's intention to extend this facility upon expiry. The average interest rate payable at 30 June 2009 on the fixed and floating bills under this facility was 8.41% (2008: 7.88%).
- (iii) The company paid out its hire purchase liabilities in December 2008. The average implicit interest rate for 2008 was 7.47%.
- (iv) All interest-bearing liabilities are secured by a fixed and floating charge over the company's assets.

(a) Fair values

The carrying amount of the current and non-current borrowings approximate their fair value.

The company has potential financial liabilities which may arise from certain contingencies disclosed in note 20. However the directors do not expect those potential financial liabilities to crystallise into obligations and therefore financial liabilities disclosed in the above table are the directors estimate of amounts that will be payable by the company. No material losses are expected and as such, the fair values disclosed are the directors estimate of amounts that will be payable by the company.

12. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

(b) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

| | 2009 | 2008 |
|--|---------------|---------------|
| | \$000 | \$000 |
| Current | | |
| <i>Floating Charge</i> | | |
| Cash and cash equivalents | 3 | 1,476 |
| Receivables | 11,702 | 13,715 |
| Inventories | 8,830 | 9,564 |
| Derivative Financial Instruments | - | 671 |
| Prepayments | 682 | 973 |
| Total current assets pledged as security | <u>21,217</u> | <u>26,399</u> |
| Non-current | | |
| <i>Finance lease</i> | | |
| Leased manufacturing plant | - | 1,943 |
| <i>Floating charge</i> | | |
| Plant and equipment | 29,655 | 25,017 |
| Goodwill | 46,134 | 46,134 |
| Total non-current assets pledged as security | <u>75,789</u> | <u>73,094</u> |
| Total assets pledged as security | <u>97,006</u> | <u>99,493</u> |

The terms and conditions relating to the financial assets are as follows:

Cash and cash equivalents are pledged against the bank overdraft on an ongoing floating basis for the term of the bank overdrafts maturity.

Receivables, inventories and plant and equipment are pledged against secured bank loans on a floating basis for the terms of the various secured loans.

12. INTEREST BEARING LOANS AND BORROWINGS (continued)

(c) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

Financing facilities available

For a number of years the company has adopted a two bank policy. Following a favourable negotiation with the NAB, the company consolidated its facilities with that bank and at the same time reduced the overall accessible limits by \$6 million in recognition of the improved debt position.

At reporting date, the following financing facilities had been negotiated and were available:

| 2009 | Accessible | Drawn down | Unused |
|-----------------------------------|-------------------|-------------------|---------------|
| | \$000 | \$000 | \$000 |
| Hire purchase and leasing finance | - | - | - |
| Bank bills | 31,850 | 27,500 | 4,350 |
| Overdraft | 3,000 | 318 | 2,682 |
| Guarantees | 800 | 761 | 39 |
| 2008 | Accessible | Drawn down | Unused |
| | \$000 | \$000 | \$000 |
| Hire purchase and leasing finance | 3,025 | 1,943 | 1,082 |
| Bank bills | 34,850 | 29,000 | 5,850 |
| Overdraft | 3,000 | - | 3,000 |
| Guarantees | 800 | 761 | 39 |

Security & Conditions

The facilities are secured by debenture security administered by National Australia Trustees Limited (see note 13(i)).

The company must comply with conditions based on the following criteria:

- a financial charges covenant;
- a leverage covenant; and
- maintenance of a minimum level of shareholder funds.

Facility Review

These facilities are provided by National Australia Bank Limited (NAB). Subject to annual review, the facility expires on 31 January 2011 unless otherwise extended.

13. PROVISIONS

| | 2009 | 2008 |
|------------------------------|--------------|-------|
| | \$000 | \$000 |
| Current | | |
| Employee leave benefits | 1,637 | 2,022 |
| Total current provisions | 1,637 | 2,022 |
| Non-current | | |
| Employee leave benefits | 900 | 865 |
| Total non-current provisions | 900 | 865 |

14. CONTRIBUTED EQUITY AND RESERVES

This note should be read in conjunction with the Statement of Changes in Equity shown on page 10 of this Appendix 4E.

| | 2009 | 2008 |
|--|---------------|--------|
| | \$000 | \$000 |
| (a) Issued and paid-up capital: | | |
| Ordinary shares | 39,214 | 38,861 |
| Total contributed equity | 39,214 | 38,861 |

Effective 1 July 1997, the Corporations Legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital nor par value in respect of its issued shares.

(b) Movements in ordinary shares on issue:

The company issued 498,056 ordinary shares on 6 October 2008 at 52 cents per share pursuant to the company's dividend re-investment plan. There were no movements in ordinary shares on issue during the preceding financial year.

(c) Shares under escrow

As at 30 June 2009, there were no ordinary shares subject to voluntary escrow.

(d) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(e) Nature and purpose of reserves

Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

14. CONTRIBUTED EQUITY AND RESERVES (continued)

(f) Capital management

When managing capital, the company's objective is to ensure that it continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The company also aims to maintain a capital structure that ensures the lowest cost of capital available to the company.

The company considers periodically adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the company may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2009, the company paid dividends of \$3.228 million (2008: \$2.414 million), of which \$2.875 million (2008: \$2.414 million) was satisfied in cash and \$0.353 million (2008: nil) in shares under the dividend reinvestment plan.

The company has no current plans to issue further shares on the market under either the dividend reinvestment plan or otherwise.

The company monitors capital through the gearing ratio (net debt / total capital). The target for the company's gearing ratio is between 30% to 50%. The gearing ratios at 30 June 2009 and 30 June 2008 were as follows:

| | 2009 | 2008 |
|---------------------------------------|---------------|---------|
| | \$000 | \$000 |
| Interest bearing loans and borrowings | 27,500 | 30,944 |
| Cash and cash equivalents | 315 | (1,476) |
| Net debt | 27,815 | 29,468 |
| Total equity | 56,347 | 54,958 |
| Total capital employed | 84,162 | 84,426 |
| Gearing (debt / debt+equity) | 33.0% | 34.9% |

The company is not subject to any externally imposed capital requirements.

15. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2009 | 2008 |
|---|--------------|-------|
| | \$000 | \$000 |
| Non-current assets | | |
| Interest rate swap contracts – cash flow hedges | - | 682 |
| | - | 682 |
| Current liabilities | | |
| Interest rate swap contracts – cash flow hedges | 165 | - |
| Foreign currency forward contracts – cash flow hedges | - | 11 |
| | 165 | 11 |
| Non-current liabilities | | |
| Interest rate swap contracts – cash flow hedges | 1,101 | - |
| | 1,101 | - |

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Instruments used by the company

Derivative financial instruments are used by the company in the normal course of business in order to hedge exposure to fluctuations in interest rates.

Interest rate swaps - cash flow hedges

Interest bearing loans of the company currently bear an average variable interest rate of 7.8%. In order to protect against rising interest rates the company has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps in place cover approximately 95% (2008: 84%) of the principal outstanding and are timed to expire at selected dates over the next 5 years, with the earliest expiry being June 2010. The fixed interest rates range between 5.9% and 7.6% (2008: 5.9% and 6.3%) and the comparable variable rate based on the 90 day bank bill rate at balance date was 3.2% (2008: 6.4%). In addition, a margin over the bill and fixed rates are payable to the banks.

At 30 June 2009, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows

| | 2009 | 2008 |
|-------------|---------------|--------|
| | \$000 | \$000 |
| 0 – 1 years | 7,000 | - |
| 1 – 2 years | 7,000 | 7,000 |
| 2 – 3 years | 4,500 | 7,000 |
| 3 – 5 years | 7,500 | 12,000 |
| 5+ years | - | - |
| | 26,000 | 26,000 |

The interest rate swaps require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. All swaps are matched directly against the appropriate loans and interest expense and as such are considered highly effective. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributable to the hedged risk are taken directly to equity and re-classified into profit and loss when the interest expense is recognised.

Movement in cash flow hedge reserve

| | 2009 | 2008 |
|---------------------------------|----------------|-------|
| | \$000 | \$000 |
| Opening balance | 470 | 256 |
| Transferred to interest expense | - | - |
| Charged to Equity | (1,356) | 214 |
| Closing balance | (886) | 470 |

The company has entered into interest rate swap contracts that are timed to expire at selected dates over the next 4 years, with the earliest expiry being June 2010. The interest rates relevant to these swaps are set out above under the heading, *interest rate swaps - cash flow hedges*.

The global financial crisis has led to a large fall in the variable rate of bank bills. This has resulted in a significant change in the fair value of the company's interest swaps, resulting in a \$1.356 million decline in the value of the reserve held at 30 June 2008.

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the contracted arrangements. The company's maximum credit risk exposure in relation to these is limited to the fair value of the interest rate swap agreements, which at the reporting date was \$1.266 million (2008: \$0.671 million).

16. COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

At 30 June 2009 the company has commitments contracted for but not recognised as liabilities of nil (2008: \$2.776 million). These commitments are all due within one year.

(b) Hire purchase commitments

Future minimum lease payments under hire purchase contracts together with the present value of the net minimum lease payments are as follows:

| | 2009 Present Value of Lease Payments \$000 | 2008 Present Value of Lease Payments \$000 |
|---|---|---|
| Within one year | - | 742 |
| After one year but not more than five years | - | 1,492 |
| Total minimum lease payments | - | 2,234 |
| Less amounts representing finance charges | - | (290) |
| Present value of minimum lease payments | - | 1,944 |

Hire purchases are entered into as means of funding the acquisition of certain items of plant and equipment and leasehold improvements.

16. COMMITMENTS AND CONTINGENCIES (continued)

(c) Operating lease commitments

The company has entered into operating leases as a means of acquiring access to warehouse and office space and to lease motor vehicles. Rental payments are generally fixed subject to inflation escalation clauses. Operating leases over premises typically contain renewal options appropriate for the nature of the business conducted. Operating leases contain no restrictions on financing or other leasing activities.

Operating leases are non-cancellable, contracted for, but not capitalised in the financial statements.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

| | 2009 | 2008 |
|--|--------------|--------|
| | \$000 | \$000 |
| – not later than one year | 1,815 | 1,815 |
| – later than one year but not later than five years | 6,288 | 6,656 |
| – later than five years | 1,595 | 2,763 |
| Aggregate operating lease expenditure contracted for at reporting date | 9,698 | 11,234 |

(d) Remuneration commitments

| | 2009 | 2008 |
|--|--------------|-------|
| | \$000 | \$000 |
| Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable: | | |
| – within one year | 320 | 763 |
| – after one year but not later than five years | - | 308 |
| Aggregate remuneration commitments contracted for at reporting date | 320 | 1,071 |

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of directors and executives referred to in note 24 that are not recognised as liabilities and are not included in the directors' or executives' remuneration. At the reporting date the contracts for Mr A. Commins and Mr H. Commins had an expiry date of 31 December 2009 and the contract for Mr P. Commins had expired on 31 December 2008. Subsequent to the reporting date, new contracts have been entered into for each of Mr A. Commins, Mr P Commins and Mr H Commins, with expiry dates of 31 August 2012, 31 August 2011 and 31 August 2012 respectively.

(e) Guarantees and Indemnities

The company has the following guarantees at 30 June 2009:

An indemnity agreement has been entered into with each officer of the company in respect of expenses and liabilities they incur in their official capacities. No monetary limit applies to this agreement, and no known obligations have emerged as a result of this agreement.

Bank guarantees under premises leases total \$0.762 million (2008: \$0.762 million).

17 EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events subsequent to 30 June 2009.