

## 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 2004</b>	<b>n/a</b> <sup>(Note 1)</sup>

Results for announcement to the market	AUD'000s
Revenues from ordinary activities	28,164
Profit from ordinary activities after tax attributable to members	1,598
Net profit for the period attributable to members	1,598

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

Note 1: ASX Period Comparatives

Colorpak Limited listed on the ASX on 15 April 2004, having been incorporated on 23 December 2003 for the purpose of purchasing the businesses of Colorpak and Foilmasters and listing on the ASX. The Company commenced trading on 1 January 2004 and consequently, there is no previous corresponding period reported to the ASX.

Other Relevant Comparatives

Whilst not having direct market comparatives, Directors consider that meaningful comparatives can be made between this period and the 6 months to June 2004 and also information in the Prospectus. These comparatives are:

	6 Months 31 December 2004	6 Months 31 December 2003 Inferred Results <sup>(*)</sup>	Variance %	6 Months 30 June 2004	Variance %
Sales of goods & services	27,885	24,354	14.5	24,762	12.6
EBITDA	5,617	5,120	9.7	5,438	3.3
Net Profit after tax (post goodwill amortisation)	1,598	1,103	44.9	1,468	8.6
Net Profit after tax (pre goodwill amortisation)	2,770	2,302	20.3	2,637	5.0

<sup>(\*)</sup> Colorpak's 2 March 2004 Prospectus (page 10) identified Colorpak's 2004 Forecasts, describing it as "Normalised financial performance incorporates the adjusted six months audited actual performance of the Company to 31 December 2003 plus the six months forecast to 30 June 2004." By excluding the forecast for the 6 months to 30 June 2004 which is separately identified in the prospectus, the inferred comparatives of Colorpak's predecessor businesses, adjusted for Normalisation have been determined.

Normalisation means that the audited results for the six months to 31 December 2003 have been adjusted so that those results reflect the same structure that the Colorpak business had once it became a listed entity. This resulted in changes to the businesses equity and debt structures. Normalisation adjustments include changes to the businesses goodwill amortisation, interest expense, depreciation and public company costs.

	Amount per security	Franked amount per security
Final dividend	Nil cents	Nil cents
Interim dividend	1.0 cents	1.0 cents
Record date for determining entitlements to the dividend	4 March 2005	
Dividend reinvestment plan	not applicable	
	2004	2003
Net tangible assets per security	(3.6) cents	n/a

*Commentary on Results:*

Colorpak's six months to 31 December 2004 has been very encouraging, with sales of goods & services up 14.5% on the corresponding period last year and 12.6% on the six months to June 2004. Sales growth has been the predominant driver of improved profit performance with net profit after tax 44.9% above the corresponding period last year and 8.6% above the achievement for the six months to June 2004.

Sales growth has come equally from both new customers and an increased uptake from existing customers predominantly in Victoria. Castle Graphics, a pharmaceuticals flexible packaging business specialising in blister and lidding foils and self-adhesive labels, was acquired in December and the results for the half year include one month trading for that business. On the back of the Castle Graphics acquisition, Colorpak is now well placed to broaden its product offering to all our pharmaceutical customers and to increase penetration of the NSW market.

Cash generation from the business remains strong and in line with expectations. Banking relationships have been broadened to include a second major Australian bank under the existing trust deed. This greatly assisted with the recent acquisition and provides secure funding for planned capital expenditure.

The company noted in its 2004 Annual Report (page 13) a single non-compliance with the ASX Corporate Governance Principles. This non-compliance was addressed in the six months to 31 December 2004 through a comprehensive business risk assessment program and the subsequent development of appropriate risk management action plans and policies.

The outlook for the balance of the year is very positive and the company remains on track to at least achieve its prospectus forecasts.

The company is delighted to confirm its maiden dividend of 1.0 cents per share, fully franked, which will be paid on 6 April 2005.

*Audit Statement:*

This report is based on the 2005 Half-Year 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 half year	On 1 December 2004, the company acquired the business and business assets of Castle Graphics Pty Ltd.
Entities over which control has been lost during the half year	Nil
Details of associates	Nil
Details of joint venture entities	Nil

**Colorpak Limited**  
**Condensed Statement of Financial Performance**  
**for the Half-Year ended 31 December 2004**

	Notes	23 December 2003 to 31 December 2003	2004 \$000	\$000
Revenues from ordinary activities			28,092	-
Expenses from ordinary activities:				
Changes in inventories of finished goods and work in progress			(243)	-
Raw materials and consumables used			11,099	-
Employee benefits expense			8,343	-
Depreciation and amortisation			1,918	-
Occupancy costs			791	-
Borrowing costs			945	-
Other expenses from ordinary activities			2,485	-
<b>Profit from ordinary activities before income tax</b>			<b>2,754</b>	<b>-</b>
Income tax expense relating to ordinary activities			1,156	-
<b>Net profit attributable to members</b>			<b>1,598</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with owners</b>			<b>1,598</b>	<b>-</b>
Basic earnings per share (cents per share)			2.1	-
Diluted earnings per share (cents per share)			2.1	-

**Colorpak Limited**  
**Condensed Statement of Financial Position**  
**as at 31 December 2004**

	31 December 2004 \$000	30 June 2004 \$000
<b>Current Assets</b>		
Cash assets	51	1
Receivables	10,142	9,492
Inventories	4,947	3,413
Other	667	441
<b>Total Current Assets</b>	<b>15,807</b>	<b>13,347</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	17,789	15,232
Deferred tax assets	445	513
Intangible assets	44,825	45,609
<b>Total Non-Current Assets</b>	<b>63,059</b>	<b>61,354</b>
<b>Total Assets</b>	<b>78,866</b>	<b>74,701</b>
<b>Current Liabilities</b>		
Payables	4,825	4,586
Interest-bearing liabilities	3,447	4,059
Current tax liabilities	1,853	923
Provisions	1,866	1,958
<b>Total Current Liabilities</b>	<b>11,991</b>	<b>11,526</b>
<b>Non-Current Liabilities</b>		
Interest-bearing liabilities	24,077	24,145
Provisions	873	702
<b>Total Non-Current Liabilities</b>	<b>24,950</b>	<b>24,847</b>
<b>Total Liabilities</b>	<b>36,941</b>	<b>36,373</b>
<b>Net Assets</b>	<b>41,925</b>	<b>38,328</b>
<b>Equity</b>		
Contributed equity	38,859	36,860
Retained profits	3,066	1,468
<b>Total Equity</b>	<b>41,925</b>	<b>38,328</b>

Colorpak Limited  
Condensed Statement of Cash Flows  
for the Half-Year ended 31 December 2004

	2004 \$000 Inflows/(Outflows)	23 December 2003 to 31 December 2003 \$000 Inflows/(Outflows)
<b>Cash flows operating activities</b>		
Receipts from customers	30,224	-
Payments to suppliers and employees	(25,527)	-
Interest received	18	-
Income taxes paid	-	-
Borrowing costs	(1,080)	-
Net cash flows from ordinary activities	3,635	-
<b>Cash flows from investing activities</b>		
Purchase of business, net of cash acquired	(2,242)	-
Payments of acquisition costs	106	-
Purchase of property, plant and equipment	(572)	-
Proceeds from sale of property, plant and equipment	16	-
Net cash flows used in investing activities	(2,904)	-
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	-	-
Proceeds from borrowings	2,000	-
Repayment of finance lease principal	(860)	-
Repayment of borrowings	(1,000)	-
Net cash flows used in financing activities	140	-
Net increase in cash held	871	-
Add opening cash brought forward	(820)	-
<b>Closing cash carried forward</b>	51	-

Colorpak Limited  
Notes to the Half-Year Financial Statements - 31 December 2004

	2004 \$000	23 December 2003 to 31 December 2003 \$000
<b>1. Profit from Ordinary Activities</b>		
<b>Specific Items</b>		
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the company:		
<b>(a) Revenues</b>		
<b>Revenue from operating activities:</b>	27,885	-
<b>Revenue from non-operating activities:</b>		
Interest from unrelated persons	18	-
Other revenue	173	-
Gross proceeds from the sale of non-current assets	16	-
<b>Total revenue from ordinary activities</b>	<b>28,092</b>	<b>-</b>
<b>(b) Expenses</b>		
<b>Cost of Goods Sold</b>	19,875	-
<b>Depreciation and amortisation:</b>		
– Leasehold improvements	10	-
– Computers & office equipment	91	-
– Motor vehicles	64	-
– Plant and equipment	578	-
– Furniture, fixtures & fittings	3	-
Amortisation of non-current assets:		
– Goodwill	1,172	-
<b>Total depreciation and amortisation expenses</b>	<b>1,918</b>	<b>-</b>
<b>Borrowing costs:</b>		
Interest paid or payable to unrelated persons	890	-
Finance charges relating to hire purchases	55	-
Other borrowing costs	-	-
<b>Total borrowing costs expensed</b>	<b>945</b>	<b>-</b>
<b>Provision expenses:</b>		
Net expense from movements in provision for:		
Bad and doubtful debts	(5)	-
Inventories	45	-
Employee benefits	16	-
<b>Other operating expense items:</b>		
Operating lease rentals	622	-

Colorpak Limited  
Notes to the Half-Year Financial Statements  
31 December 2004

	2004 \$000	23 December 2003 to 31 December 2003 \$000
<b>(c) Losses (gains):</b>		
Net losses on disposal of property, plant & equipment	-	-
<b>2. Dividends Paid or Provided for on Ordinary Shares</b>		
<b>(a) Dividends Proposed and recognised as a liability</b>		
Franked dividends	-	-
<b>(b) Dividends paid during the half-year</b>		
Franked dividends [	-	-
	-	-
<b>(c) Dividends proposed and not recognised as a liability</b>		
Franked dividends [a]	805	-
(a) Franking credits of \$928,884 will arise upon payment of income tax in February 2005.		
<b>3. Change in Composition of Company</b>		
On 1 December 2004 Colorpak Limited acquired the self-adhesive label and flexible packaging business of Castle Graphics. The components of the acquisition cost were:		
Consideration:		
Cash paid	2,243	-
Shares issued	2,000	-
	4,243	-
Net Assets acquired:		
Plant & Equipment	2,886	-
Inventories	1,319	-
Other Assets	1	-
Deferred Tax Assets	39	-
	4,245	-
Employee Provisions	(131)	-
Fair value of net tangible assets acquired	4,114	-
Goodwill arising on acquisition	129	-
	4,243	-
Net cash effect:		
Cash consideration paid	2,243	-
Cash included in net assets acquired	(1)	-
Net cash paid for purchase of business	2,242	-

Colorpak Limited  
Notes to the Half-Year Financial Statements  
31 December 2004

Notes	31 December 2004 \$000	30 June 2004 \$000
<b>4. Additional Information</b>		
<b>Reconciliation of retained profits:</b>		
Balance at beginning of half-year	1,468	-
Net profit attributable to members of Colorpak Limited	1,598	1,468
Dividends provided for or paid	3,066	1,468
Total available for appropriation	-	-
Balance at end of half year	3,066	1,468

**5. International Financial Reporting Standards (IFRS)**

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The adoption of Australian equivalent IFRS will be first reflected in the Colorpak Limited financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The company has conducted preliminary analysis as to the changes required for the transition to IFRS. The following areas have been identified where changes to the Company's current accounting treatments will be required.

The comments below should not be regarded as a complete list of changes in accounting policies nor the final financial effect that will result from the transition to IFRS, as not all standards have been analysed and some decisions have not yet been made where choices of accounting policies are available.

a. Goodwill

*Impact of adoption:*

- *Ongoing through lower expenses*
- *Increased volatility in results in event of impairment*

Goodwill acquired as a result of a business combination will no longer be able to be amortised but instead will be replaced by annual impairment testing. In the event of impairment, it will be recognised immediately in the statement of financial performance. As a result, the company's current accounting policy, which amortises goodwill over its useful life but not exceeding 20 years, will change.

As at 31 December 2004, a total of \$2.342 million has been recognised as goodwill amortisation. It is expected that this amount, together with any goodwill amortisation to be recognised for the six months to 30 June 2005, will be written back to retained earnings upon adoption of AASB 1 "First-time Adoption of Australian Equivalents to International Financial reporting Standards" and AASB 136 "Impairment of Assets".

b. Impairment of Assets

*Impact of adoption:*

- *Increased volatility in results in event of impairment*

The recoverable use test under IFRS is more rigorous and prescriptive and will require the determination of recoverable amount to be the higher of its "value in use" or its fair value less cost to sell for each cash generating unit (CGU). This will result in a change in the company's current accounting policy, which determines the recoverable amount of an asset on the basis of discounted cash flows for a group of assets. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater.

Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known. The Company has prepared impairment test calculations as at 31 December 2004 and, subject to future business conditions, it is not expected that any impairment of assets will be recognised upon adoption of IFRS.

c. Income taxes

*Impact of adoption:*

- *Impact on retained earnings*
- *New assets and liabilities recognised*

A balance sheet approach will be adopted replacing the “statement of financial performance” approach currently used by the company. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability, and its value in a tax base balance sheet. The most significant impact will be the recognition of a deferred tax asset in relation to float costs that are deductible over 5 years. Previously, these deductions were treated as a permanent difference. As at 31 December 2004, the effect is approximately \$0.319 million. It is not expected that there will be any further material impact as a result of adoption of this standard.

d. Share based payments

*Impact of adoption:*

- *Volatility in future earnings*
- *New assets and liabilities recognised*

Any future outgoing for share based compensation to employees will be required to be recognised as an expense in respect of the services received. The Company notes that to date no shares have been issued under the senior executive incentive plan – performance rights plan and this plan has not been activated by the Board. Accordingly, no financial impact upon adoption of IFRS is currently anticipated.