

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 2009</b>	<b>Period ended 31 December 2008</b>

Results for announcement to the market	AUD'000 s
Revenues from ordinary activities	up / down 4.6 % to 42,914
Profit from ordinary activities after tax attributable to members	up / down 12.9 % to 3,744
Net profit for the period attributable to members	up / down 12.9 % to 3,744

*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 2009).

	Amount per security	Franked amount per security
Final dividend	Nil cents	Nil cents
Interim dividend	1.50 cents	1.50 cents
Record date for determining entitlements to the dividend	5 March 2010	
Dividend reinvestment plan	not applicable	
	2009	2008
Net tangible assets per security	15.9 cents	10.4 cents

*Commentary on Results:*

**Financial Performance**

Colorpak's six months to 31 December 2009 produced revenues from sale of goods and services of \$42.6 million, 5.6% up on the corresponding prior comparable period ("pcp") of \$40.3 million. Colorpak sales growth was steady indicating the resilient nature of the industries which the company serves.

Net profit after tax for the six months increased from \$3.3 million in the prior comparable period to \$3.7 million which is the highest six monthly profit in the company's history. Both higher sales and strong operational efficiencies contributed to the higher profit achieved.

The increases in revenue and improvement in the company's margins yielded increased profit and boosted EPS to 4.63 cents per share. This level of profitability is considered to be another solid achievement in the face of cost and competitive pressures in the current economic environment.

**Cash Flow and Debt**

Net cash generation from operations for the half year was a solid inflow of \$4.6 million, enabling a further \$2.8 million reduction in net debt since June 2009 to \$25.1 million. Debt to Debt+Equity has now improved to 29.8%.

Net capital expenditure in the first half totalled \$0.4 million and capital expenditure on plant and equipment in the second half of the year will 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**

Despite a relatively sluggish start to the new financial year in NSW in particular, we were pleased to record a solid result for the first half. Revenues exceeded the pcp and even more pleasing was a lift in NPAT by 12.9%. Focus on operational efficiencies combined with stronger volumes were the major contributors to the profit lift. Also pleasing was a strong turnaround from our Foilmasters business which generated a solid contribution after suffering throughout most of last year when volumes were lower.

Colorpak's customer base has remained stable with the majority of our top ten customers secured under contract for the next two years. We announced just prior to Christmas that Astra Zeneca had also informed us of its intention to renew its contract for a further two year term. Astra Zeneca also announced at that same time their intention to scale back production in Australia in response to a global rationalisation of their manufacturing. They plan to sell the residual plant and products after the scale down in Australia is complete, scheduled for the 2012 year. Astra's decision may impact the company's results from 2011, but it is far too early to accurately predict the effect on the company.

Our environmental focus remains crucial and we recently had our NPC (National Packaging Covenant) 2010-2012 plan ratified by the NPC. We received an encouraging initial rating and have made considerable progress as we strive for continuous improvement.

*Commentary on Results (cont'd):*

**Operating Activities (cont'd)**

Safety performance has clearly improved and reflects the management focus in all facilities.

The business has been stable and performing very well during the last six months and we expect that to continue.

**Dividend**

The company will lift its interim dividend from 1.25 cents per share to 1.50 cents per share, fully franked, which will be paid on 1 April 2010 and expects to announce its fully franked final dividend later in the year. This raises the dividend paid in the 12 month period to 3.25 cents per share, fully franked.

**Outlook**

We expect the solid trading and margins earned in the first half to be maintained over the balance of the year.

*Audit Statement:*

This report is based on the 2009 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

**Statement of Comprehensive Income**  
**for the half-year ended 31 December 2009**

	Notes	2009 \$000	2008 \$000
Revenue	3	42,914	41,009
Other income		-	2
Changes in inventories of finished goods and work in progress		(96)	75
Raw materials and consumables used		(17,107)	(16,237)
Employee benefits expense		(12,152)	(12,079)
Depreciation and amortisation		(1,453)	(1,409)
Impairment of plant and equipment		-	36
Occupancy costs		(1,331)	(1,222)
Factory operating expense		(2,884)	(2,943)
Other expenses		(1,288)	(1,239)
<b>Profit before tax and finance costs</b>		<b>6,603</b>	5,993
Finance costs	3	(1,293)	(1,239)
<b>Profit before income tax</b>		<b>5,310</b>	4,754
Income tax expense		(1,566)	(1,437)
<b>Net profit for the period</b>		<b>3,744</b>	3,317
<b>Other comprehensive income</b>			
Cash flow hedges			
Gain / (loss) taken to equity		530	(2,641)
Income tax expense on items of other comprehensive income		(159)	792
<b>Other comprehensive income for the period, net of tax</b>		<b>371</b>	(1,849)
<b>Total comprehensive income for the period</b>		<b>4,115</b>	1,532
Earnings per share (cents per share)			
- basic and diluted for profit for the period attributable to ordinary equity holders of the company		4.63	4.11

Statement of Financial Position as at 31 December 2009

	As at 31 December 2009 \$000	As at 30 June 2009 \$000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3	3
Trade and other receivables	13,903	11,702
Inventories	8,236	8,830
Other current assets	445	684
<b>Total Current Assets</b>	<b>22,587</b>	21,219
<b>Non-current Assets</b>		
Property, plant and equipment	28,525	29,655
Goodwill	46,134	46,134
<b>Total Non-current Assets</b>	<b>74,659</b>	75,789
<b>TOTAL ASSETS</b>	<b>97,246</b>	97,008
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	7,372	7,620
Interest-bearing loans and borrowings	568	318
Income tax payable	886	455
Provisions	2,027	1,637
Derivative financial instruments	319	165
<b>Total Current Liabilities</b>	<b>11,172</b>	10,195
<b>Non-current Liabilities</b>		
Interest-bearing loans and borrowings	24,500	27,500
Deferred income tax liabilities	1,217	965
Provisions	898	900
Derivative financial instruments	417	1,101
<b>Total Non-current Liabilities</b>	<b>27,032</b>	30,466
<b>TOTAL LIABILITIES</b>	<b>38,204</b>	40,661
<b>NET ASSETS</b>	<b>59,042</b>	56,347
<b>EQUITY</b>		
Contributed equity	5 39,214	39,214
Retained profits	20,343	18,019
Cash Flow Hedge Reserve	6 (515)	(886)
<b>TOTAL EQUITY</b>	<b>59,042</b>	56,347

Statement of Cash Flow  
for the half-year ended 31 December 2009

	Notes	2009 \$000 Inflows/(Outflows)	2008 \$000 Inflows/(Outflows)
<b>Cash flows from operating activities</b>			
Receipts from customers		44,963	46,895
Payments to suppliers and employees		(38,161)	(36,533)
Interest received		9	13
Income taxes paid		(1,042)	(1,406)
Finance costs		(1,218)	(1,164)
<b>Net cash flows from operating activities</b>		<b>4,551</b>	7,805
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	28
Purchase of property, plant and equipment		(381)	(4,203)
<b>Net cash flows used in investing activities</b>		<b>(381)</b>	(4,175)
<b>Cash flows from financing activities</b>			
Repayment of finance lease principal		-	(1,924)
Repayment of borrowings		(3,000)	-
Payment of dividends	4	(1,420)	(1,860)
<b>Net cash flows (used in) / from financing activities</b>		<b>(4,420)</b>	(3,784)
<b>Net increase in cash and cash equivalents</b>		<b>(250)</b>	(154)
Cash and cash equivalents at beginning of period		(315)	1,476
<b>Cash and cash equivalents at end of period</b>		<b>(565)</b>	1,322

Statement of Changes in Equity  
for the half-year ended 31 December 2009

	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 2009</b>	39,214	18,019	(886)	56,347
Total comprehensive income for the period, net of tax	-	3,744	371	4,115
Equity dividends	-	(1,420)	-	(1,420)
<b>At 31 December 2009</b>	<b>39,214</b>	<b>20,343</b>	<b>(515)</b>	<b>59,042</b>
<b>At 1 July 2008</b>	38,861	15,627	470	54,958
Total comprehensive income for the period, net of tax	-	3,317	(1,849)	1,468
Issued capital	353	-	-	353
Equity dividends	-	(2,213)	-	(2,213)
<b>At 31 December 2008</b>	<b>39,214</b>	<b>16,731</b>	<b>(1,379)</b>	<b>54,566</b>

	Notes	2009 \$000	2008 \$000
Dividends per share (cents per share)	4	1.75	2.75

## Notes to the half-year condensed Financial Statements 31 December 2009

### 1. Summary of significant accounting policies

#### Basis of preparation

This general purpose condensed financial report has been prepared in accordance with AASB 134 “*Interim Financial Reporting*” and the *Corporations Act 2001*.

The half-year 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.

It is recommended that the half-year financial report should be read in conjunction with the annual financial report for the year ended 30 June 2009 and considered together with any public announcements made by Colorpak Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### Changes in accounting policy

The following amending Standards have been adopted from 1 July 2009. Adoption of these Standards did not have any effect on the financial position or performance of the Company.

▶ *AASB 2009-7 Amendments to Australian Accounting Standards* effective 1 July 2009

The amendments are editorial amendments to AASB 5, AASB 7, AASB 107, AASB 112, AASB 136, AASB 139 and AASB Interpretation 17 that have no major impact on the requirements of the amended pronouncements. The company adopted this amendment as of 1 July 2009. The amendment had no impact on the application or wording of the company's accounting policies.

▶ *AASB 2009-8 Amendments to Australian Accounting Standards - Company Cash-settled Share-based Payment Transactions* effective 1 July 2009

The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter whether the transaction is settled in shares or cash. The company adopted this amendment as of 1 July 2009 and has amended its accounting policy accordingly.

▶ *AASB 123 Revised Borrowing Costs*

The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The company has no borrowing costs associated with any qualifying assets and as such the amendments are not expected to have any impact on the company's financial report.

The company has not elected to early adopt any other new Standards or amendments that are issued by not yet effective.

## 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 chief operating decision maker (CODM) has been determined as the Management Committee. The accounting policies used in the preparation of the information used by the CODM are aligned to those which are presented in this report. As there are minimal differences, no further disclosures are deemed necessary.

The company operates entirely in Australia under a single reportable operating segment.

## 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

	2009 \$000	2008 \$000
Sale of goods and services	42,560	40,294
Interest from unrelated persons	9	13
Other revenue	345	702
	<b>42,914</b>	<b>41,009</b>

#### (ii) Expenses

##### Finance costs

Interest paid or payable to unrelated persons	1,293	1,154
Finance charges payable under finance leases and hire purchase contracts	-	85
<b>Total finance costs (on historical cost basis)</b>	1,293	1,239
Fair value change on interest rate swaps	-	-
<b>Total finance costs expensed</b>	<b>1,293</b>	<b>1,239</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 slightly more productive days in the first half of the year.

	2009 \$000	2008 \$000
<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 2009: 1.75 cents (2008: 1.75 cents)	1,420	1,408
Special franked dividend for financial year 30 June 2009: nil cents (2008: 1.00 cents)	-	805
<b>(b) Dividends proposed and not yet recognised as a liability</b>		
Interim franked dividend for financial year 30 June 2010: 1.50 cents (2009: 1.25 cents)	1,217	1,014
	<b>2,637</b>	<b>3,227</b>

## 5. Contributed Equity

This note should be read in conjunction with the Statement of Changes in Equity shown on page 7 of this report.

	Thousands	\$000
At 1 July 2009	81,155	39,214
Issued during the year	-	-
At 31 December 2009	<b>81,155</b>	<b>39,214</b>

The company issued 678,323 shares at 52 cents per share under the dividend re-investment plan on 6 October 2008. There were no share issues in 2009.

## 6. Cash Flow Hedge Reserve

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 which are in place cover approximately 80% of the principal outstanding and are timed to expire at selected dates over the next 3 ½ years, with the earliest expiry being June 2011. The fixed interest rates range between 5.9% and 7.6% and the comparable variable rate based on the 90 day bank bill rate at balance date was 4.20% (June 2009: 4.16%). These interest rate swaps have been designated into cash flow hedges.

2009	2008
\$000	\$000

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**7. Expenditure Commitments**

Estimated capital expenditure contracted for at reporting date, but not provided for:

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