

Colorpak Limited
Half-Year Financial Statements
For the six months ended 31 December 2004

Colorpak Limited

Director's Report

Your directors submit their report for the half-year ended 31 December 2004.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below.

Geoff Willis (Non-executive Chairman)

Alex Commins (Managing Director)

David Heaney

Tony Dynon

Paul Commins

Directors were in office for this entire period unless otherwise stated.

Review and Results of Operations

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.

Rounding

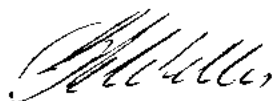
The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Colopak Limited Director's Report

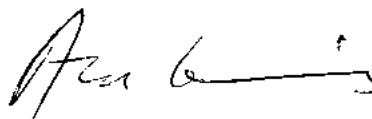
Auditor Independence

We have obtained an independence declaration from our auditors, Ernst & Young, which is attached immediately following the auditors review opinion.

This report has been made in accordance with a resolution of directors.



G.L. Willis
Chairman



A. Commins
Managing Director

Braeside
18 February 2005

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

	Notes	2004 \$000	23 December 2003 to 31 December 2003 \$000
Revenues from ordinary activities	2	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	2	1,918	-
Occupancy costs		791	-
Borrowing costs	2	945	-
Other expenses from ordinary activities		2,485	-
Profit from ordinary activities before income tax		2,754	-
Income tax expense relating to ordinary activities		1,156	-
Net profit attributable to members		1,598	-
Total changes in equity other than those resulting from transactions with owners		1,598	-
Basic earnings per share (cents per share)		2.1	-
Diluted earnings per share (cents per share)		2.1	-

Colopak Limited
Condensed Statement of Financial Position as at 31 December 2004

	Notes	31 December 2004 \$000	30 June 2004 \$000
Current Assets			
Cash assets		51	1
Receivables		10,142	9,492
Inventories		4,947	3,413
Other		667	441
Total Current Assets		15,807	13,347
Non-Current Assets			
Property, plant and equipment		17,789	15,232
Deferred tax assets		445	513
Intangible assets		44,825	45,609
Total Non-Current Assets		63,059	61,354
Total Assets		78,866	74,701
Current Liabilities			
Payables		4,825	4,586
Interest-bearing liabilities		3,447	4,059
Current tax liabilities		1,853	923
Provisions		1,866	1,958
Total Current Liabilities		11,991	11,526
Non-Current Liabilities			
Interest-bearing liabilities		24,077	24,145
Provisions		873	702
Total Non-Current Liabilities		24,950	24,847
Total Liabilities		36,941	36,373
Net Assets		41,925	38,328
Equity			
Contributed equity		38,859	36,860
Retained profits	7	3,066	1,468
Total Equity		41,925	38,328

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

	Notes	2004 \$000 Inflows/(Outflows)	23 December 2003 to 31 December 2003 \$000 Inflows/(Outflows)
Cash flows operating activities			
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	-
Cash flows from investing activities			
Purchase of business, net of cash acquired	4	(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)	-
Cash flows from financing activities			
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)	-
Closing cash carried forward		51	-

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

1. Basis of preparation of the half-year financial report

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.

The half-year financial report should be read in conjunction with the annual financial report of Colorpak Limited as at 30 June 2004. It is also recommended that the half-year financial report be considered together with any public announcements made by Colorpak Limited during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention.

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

Changes in accounting policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2004.

Comparatives

The company was incorporated on 23 December 2003 and commenced trading on 1 January 2004. Accordingly, there are no comparatives.

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

	2004 \$000	23 December 2003 to 31 December 2003 \$000
2. Profit from Ordinary Activities		
Specific Items		
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:		
(a) Revenues		
Revenue from operating activities:		
Sale of goods and services	27,885	-
Revenue from non-operating activities:		
Interest from unrelated persons	18	-
Other revenue	173	-
Gross proceeds from the sale of non-current assets	16	-
Total revenue from ordinary activities	28,092	-
(b) Expenses		
Cost of Goods Sold	19,875	-
Depreciation and amortisation:		
Depreciation of non-current assets:		
– 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	-
Total depreciation and amortisation expenses	1,918	-
Borrowing costs:		
Interest paid or payable to unrelated persons	890	-
Finance charges relating to hire purchases	55	-
Other borrowing costs	-	-
Total borrowing costs expensed	945	-
Provision expenses:		
Net expense from movements in provision for:		
Bad and doubtful debts	(5)	-
Inventories	45	-
Employee benefits	16	-
Other operating expense items:		
Operating lease rentals	622	-

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

	2004 \$000	23 December 2003 to 31 December 2003 \$000
(c) Losses (gains):		
Net losses on disposal of property, plant & equipment	-	-
3. Dividends Paid or Provided for on Ordinary Shares		
(a) Dividends Proposed and recognised as a liability		
Franked dividends	-	-
(b) Dividends paid during the half-year		
Franked dividends	-	-
(c) Dividends proposed and not recognised as a liability		
Franked dividends [a]	805	-
(a) Franking credits of \$928,884 will arise upon payment of income tax in February 2005.		
4. Change in Composition of Company		
On 1 December 2004 Colorkpak 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

4. Contingent Assets and Liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

5. Segment Information

The major product/services from which the company derived revenue during the financial period was the structural design and production of folding cartons, printed leaflets, point of sale displays and other paperboard packaging products. With the acquisition of Castle Graphics on 1 December 2004, the company's service offering has been broadened to include allied products such as self-adhesive labels, lidding and blister foils.

The company operates in a single business segment and entirely in Australia.

6. Subsequent Events

Since 31 December 2004 the following events have occurred:

- the directors have declared an interim ordinary dividend of 1.0 cents per share (fully franked) to be paid on 6 April 2005. The total value of this dividend is \$804,768.

The financial effect of this dividend has not been brought to account for the half-year ended 31 December 2004 and will be recognised in subsequent financial periods.

Notes	31 December 2004	30 June 2004
	\$000	\$000

7. Additional Information

Reconciliation of retained profits:

Balance at beginning of half-year	1,468	-
Net profit attributable to members of Colorpak Limited	1,598	1,468
Total available for appropriation	3,066	1,468
Dividends provided for or paid	-	-
Balance at end of half year	3,066	1,468

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

8. 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.

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

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.

Colorpak Limited Director's Declaration

In accordance with a resolution of the directors of Colorpak Limited, we state that:

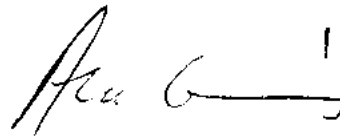
In the opinion of the directors:

- (a) the financial statements and notes of the company:
 - (i) give a true and fair view of the company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) comply with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



G.L. Willis
Chairman



A. Commins
Managing Director

Braeside
18 February 2005

Independent review report to members of Colorpak Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Colorpak Limited (the company), for the half year ended 31 December 2004.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

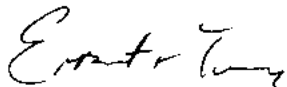
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Colorpak Limited is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Colorpak Limited at 31 December 2004 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Robert J Dalton
Partner

Melbourne
18 February 2005

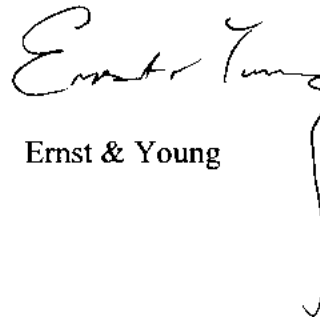
Auditor's Independence Declaration to the Directors of Colorpak Limited

In relation to our review of the financial report of Colorpak Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Robert J Dalton
Partner

Melbourne
18 February 2005



Ernst & Young