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 2013	Period ended 30 June 2012

Results for announcement to the market				**AUD'000s**
Revenues from ordinary activities	~~up~~ / down	10.0 %	to	174,017
Profit before income tax and acquisition and restructure related transactions	up / ~~down~~	16.1 %	to	10,743
Profit from ordinary activities after tax attributable to members (see explanation below)	up / ~~down~~	332.3 %	to	7,494
Net Profit for the period attributable to members	up / ~~down~~	332.3 %	to	7,494

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:
Refer to commentary on the Financial Performance commencing on page 3.

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	1.75 cents	1.75 cents
Record date for determining entitlements to the final and special dividends	5 September 2013	
Dividend reinvestment plan	not applicable	
	2013	2012
Net tangible assets per security	31.6 cents	25.6 cents

<table>
<tr><td colspan="2">Commentary on Results:
See separate report below</td></tr>
<tr><td colspan="2">Audit Statement:
This report is based on the 2013 Annual Report of Colorpak Limited which is in the process of being audited. An unqualified audit report is expected.</td></tr>
<tr><td>Entities over which control has been gained during the year</td><td>Nil</td></tr>
<tr><td>Entities over which control has been lost during the year</td><td>Nil</td></tr>
<tr><td>Details of associates</td><td>Nil</td></tr>
<tr><td>Details of joint venture entities</td><td>Nil</td></tr>
<tr><td>Annual General meeting will be held at:
Place:

Date:
Time:</td><td>
The Westin,
205 Collins Street
Melbourne Vic 3000

Friday, 25 October 2012
11.00 am</td></tr>
</table>

OPERATING AND FINANCIAL REVIEW

Financial Performance

The group's reported NPAT was a profit of $7,494,000 (2012: loss of $3,227,000). Importantly, the underlying result is the reported result for 2013. The prior year result was significantly impacted by a total of $10,887,000 of costs that were considered to be of a one-off nature, having arisen from the restructure of the group's operations, along with further business combination costs, in relation to the Carter Holt Harvey (CHH) folding carton acquisition in March 2011. A meaningful comparison that presents a true and fair view of the group's ongoing trading operations, which has been termed "underlying result", can only be determined after exclusion of these restructuring and business combination costs.

	2013		2012	
	NPBT	**NPAT**	NPBT	NPAT
	$000	**$000**	$000	$000
Reported result	**10,743**	**7,494**	(6,289)	(3,227)
Add back, restructuring and business combination costs	**-**	**-**	(15,541)	(10,887)
Underlying result	**10,743**	**7,494**	9,252	7,660

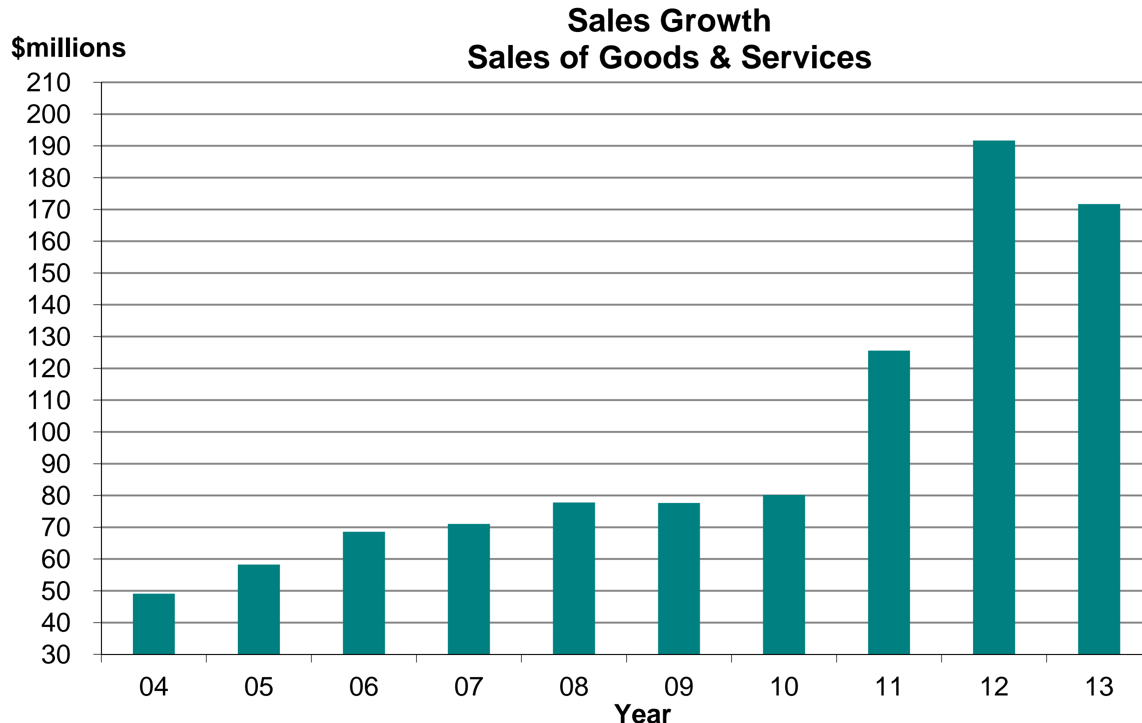
Colorpak's financial performance for the year has been pleasing despite the volume loss in revenues, with realisation of the benefits of the Victorian and NSW plant rationalisations and a continued focus on business efficiencies. The underlying result at the pre-tax level is well up on the previous year and only slightly below the previous year at the after tax level due to the tax treatment in 2012 that lowered the group's overall tax rate in that year. As an operational guage, there was an 8.8% increase in earnings before interest, tax and depreciation (EBITDA) to $18,206,000, as well as an improvement in the EBITDA margin, as measured against sale of goods, which has increased from 8.7% to 10.6%. This financial performance has been achieved against the backdrop of a major rationalisation and consolidation of the two NSW sites into one more efficient facility.

In March 2011 the group acquired a number of unfavourable customer contracts upon the acquisition of the CHH folding carton business with an estimated unfavourable pre-tax impact of $6,407,000 over the life of those contracts and a provision was recognised accordingly. Since that time the group has met all of the obligations under each of those unfavourable contracts and in June 2013 the final unfavourable customer contract was renegotiated. In the 2013 year the amount of $3,499,000 was recorded as revenue (2012: $2,109,000) in respect of these contracts whilst the actual revenue and costs incurred in meeting these obligations formed part of the normal operations.

EPS has remained fairly steady at 9.19 cents per share, slightly down on the prior year's 9.39 cents on the underlying result. This level of profitability is considered to be another solid achievement in the face of cost and competitive pressures in the current economic environment. The group continues to apply intense attention to increase margins through accurate job costing and pricing, innovation and all manner of cost reduction measures.

Revenue from sale of goods amounted to $171,676,000, 10.4% down on the corresponding prior comparable period ("pcp") of $191,661,000. The full year reduction is consistent with the 10.9% fall reported for the first six months. The group's adjusted revenue base reflects the strategy to concentrate on market segments which will generate sustainable returns. In the year there were consequential losses of fast food customers in New Zealand and Australia as well as the loss of a key long standing customer in Australia who moved their manufacturing operation offshore. There was also some loss of volume by customers, underlining that market conditions were generally difficult throughout the year and the landscape remains competitive. As shown by the profit for the year, the operating cost base has been adjusted accordingly.

Compound sales growth over the last 10 years has averaged 13.5% pa. Colorpak's revenue history is set out in the following table:



During the year the group renegotiated its contract for the supply of board with its major supplier. This renegotiation included removal of existing take-or-pay obligations, a reduction in price and a change in stock holding requirements that will see an improved working capital, the benefits began to flow through in the last quarter of 2013 and the improved competitiveness will be fully achieved in the first half of the 2014 financial year. In addition, new supply arrangements have been secured with a major European board supplier, partly in response to the decision by Amcor to close its Petrie mill in 2013. The supply of board from the Asian market also provides opportunities for improved competitiveness.

There is an increasing tendency for large multinational companies to demand extended trading terms, thereby reducing their debt obligations and effectively passing the burden on to their suppliers. Several of the group's customers have demanded such terms and the impact will diminish some of the gains that have been achieved from reduced raw material holdings.

Aggregate assets have reduced by $13,146,000. The group has improved its aged debtor position through careful cash management and has achieved a reduction in both finished goods and raw material holdings as a result of a concerted focus on reducing holdings. Debtor and inventory levels have also shown a natural reduction as a result of lower revenues. Total liabilities have in turn fallen by $18,001,000 in response to the reduced raw material holdings, large reduction in debt and reduced provisions.

Cash Flow

Cash generation from operations for the year was a very strong inflow of $13,517,000 and well up on the average over the past 4 years of $10,474,000. A reduction in overdue debtors by $2,523,000 was a major contributor to this result.

The group incurred capital expenditure, net of proceeds on disposal of assets, of $4,741,000 for the year with the majority of the outlay for the year (73% of the total) being incurred in the Sydney operation and arising predominantly in relation to the integration of the NSW operations.

The group placed orders for two new presses close to the end of the financial year, with this equipment to be received and installed in the 2014 year. These orders are for a new 6 colour printing press for installation at the Braeside site and a new digital press the Regents Park site. As at 30 June, $4,271,000 remains outstanding as capital commitments.

Net debt reduced by $5,918,000 to $32,995,000. The group remains conservatively geared with gearing at 31.5% and maintains adequate cash reserves and undrawn bank credit limits to meet its expected working capital and capital expenditure requirements for the foreseeable future.

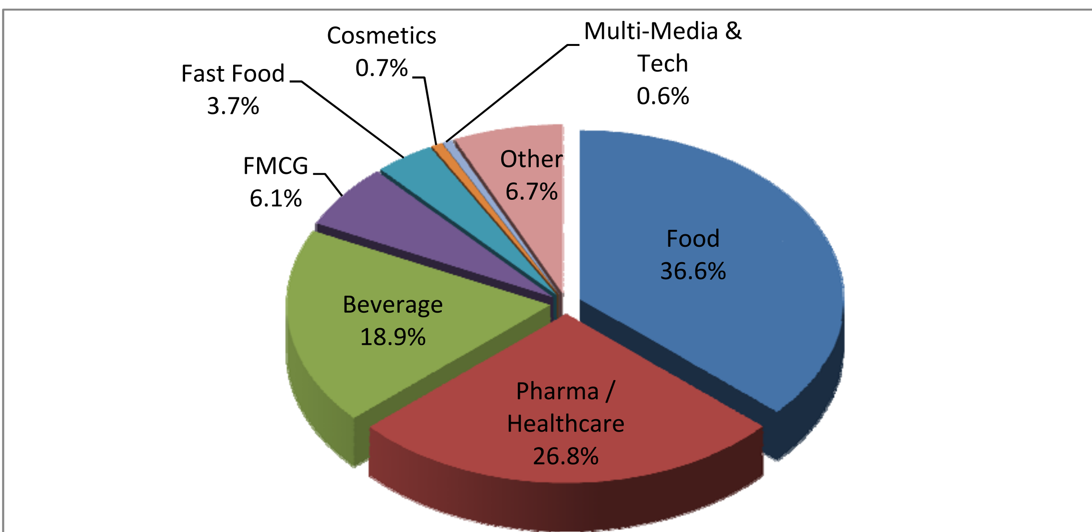
The group finalised negotiations with Westpac Banking Corporation (WBC) during the year and the finance facilities are now shared between WBC and the group's long standing banking partner, National Australia Bank. Facilities are not due for review until September 2014.

Operating Activities

The group is a manufacturer of folding cartons, leaflets, self-adhesive labels, printed hand tempered aluminium foil, fully formed paper cups and lids, and point of sales displays. Through the Brandpack division, the group provides a "one-stop shop" for packaging design and pre-production services.

Manufacturing operations are based in Australia (Braeside, Mt Waverley and Regents Park) and New Zealand (Penrose).

The major market segments from which revenues are earned are represented in the following chart:



The Australian and New Zealand folding carton markets continue to be very competitive. In recent years there has been an increased prevalence of competition from imported sources, both as empty cartons to be packed locally and also imports that are fully packed, having once been goods produced and packaged in Australia. Through these influences the group is increasingly operating in a regional market place which includes countries such as China, Thailand, Taiwan, Korea, India, Malaysia and Vietnam.

Colorpak's business model is predicated on the highest quality, lowest cost, world's best practice manufacturer of printed components. Historic and future generation of returns to shareholders has been, and remains, dependent on maintaining close relationships with customers and providing a consistent quality product. Tightly controlled input costs, and the most efficient allocation of labour against volume demands is the balance that is made every day to ensure maximum recovery of overheads. Carefully implemented investments in cutting edge technologies also underpin sustainability of margins to generate consistent shareholder returns.

In Australia the group's market share is around 27% of an estimated A$620 million p.a. market. In what is a very fragmented market, the group has around 25 competitors. In New Zealand, market share is around 24% of an estimated NZ$100 million p.a. market. This market is a little less fragmented but no less competitive, having at least five competitors.

The diversity of market segments and customers within those segments underpins the defensive nature of the group's revenue streams. Customer concentration risk also remains low, with only one customer comprising in excess of 10% of group revenue. That customer, having been a solid business partner for approximately seven years, represents 16% of group revenues.

The past 12 months has seen another busy period of rationalisation of the group's manufacturing operations, following the acquisition of the Carter Holt Harvey (CHH) folding carton operations in March 2011. In June 2012, the company announced that the Villawood site acquired in the CHH acquisition would be vacated and amalgamated with the Regents Park facility. That integration project was successfully completed by February 2013 and has been completely seamless. Customers and staff have been very well satisfied with the outcome, and most importantly the group has avoided much duplication of costs. One management team and one production team has made running the NSW operations in a modern facility both simpler and more efficient. The need to invest in a further IT system for the Villawood site was also avoided and the cost for the tail of the Villawood lease (which expires in July 2016) has been taken up. An active reletting program is underway to sub-lease the vacant Villawood site. Any success on that front will have a positive impact on profit and cash-flow.

The industrial relations climate remains harmonious throughout the group with the first of the EBA renegotiations due in May 2014. There is an expectation that wage outcomes will be more modest than in recent negotiations given a more subdued CPI environment, along with more modest outcomes being recommended and implemented by industry peers and manufacturing industry bodies.

Safety focus remains strong and the company is pleased to report an LTI free period of 1,214 days in its Regents Park facility.

Whilst the general folding carton market remains very competitive, a number of key customer contracts have been re-signed on more favourable terms than were assumed from the CHH acquisition.

Consistent with an ongoing commitment to strive for efficiencies and productivity improvements, the company announced on 31 July 2013 a further integration activity in Victoria with the Mt Waverley facility, acquired in the CHH acquisition, to be closed and relocated to the expanded Braeside site. Integration planning is well advanced and once this project is completed, scheduled for April 2014, the group will have single site production operations in each of Victoria, NSW and New Zealand. Once again, whilst some one-off costs to make the move will be incurred, a more sustainable foundation will be created that avoids duplication of costs in a number of key areas such as premises and labour, as well as allowing the operations to be consolidated into much more modern facilities.

A combined Victorian operation has given us the opportunity to de-commission some older equipment and the opportunity has been taken to upgrade the printing capability by purchasing a new Roland 700 6-colour press, due for commissioning in late 2013.

During 2013, capital expenditure was directed in the most part to infrastructure items associated with the NSW rationalisation, along with recent deposits on new Roland 700 and HP digital presses. The digital press will enhance the group's offering to customers in the pharmaceutical industry and beyond.

During the year negotiations secured some good improvements to raw material input pricing, with benefits expected to flow during the 2014 financial year. A weakening Australian dollar will no doubt make it tougher for importers of fully packed finished goods, but has not lessened the group's determination to drive to be the highest quality, lowest cost producer.

Shareholder Returns

The company has delivered the following returns to shareholders:

	2013	2012	2011	2010	2009
Basic earnings per share (cents)	**9.19**	(3.96)[(1)]	19.56[(1)]	7.90	6.94
Return on assets (%)	**5.3**	(2.1)	9.9	6.6	5.8
Return on equity (%)	**11.0**	(4.7)	24.3	11.2	10.5
Gearing (debt / debt+equity) (%)	**31.5**	36.7	31.8	27.3	33.0
Dividend payout ratio (%)	**38.1**	(82.1)[(1)]	16.7[(1)]	53.8[(2)]	43.3
Total shareholder return (%) [(3)]	**33.3**	(16.1)	60.9	22.5	(6.4)
Available franking credits ($000)	**7,004**	8,466	7,087	5,941	4,971

1. EPS on the underlying result, which excludes restructuring and business combination transactions, was 9.19 cents (2012: 9.39 cents; 2011: 8.70 cents) and the dividend payout ratio was 38.1% (2012: 34.6%, 2011: 37.5%).

2. Includes a 1.0 cent special dividend.

3. Includes dividends paid during the year only (excludes the final and special dividends). Based on the share price of $0.705 at 30 June 2013.

Asset and Capital Structure

	2013	2012
	$000	$000
Debt:		
Interest-bearing loans and borrowings	**32,995**	38,917
Cash and cash equivalents	**(4)**	(4)
Net debt	**32,991**	38,913
Total equity	**71,856**	67,001
Total capital employed	**104,847**	105,914
Gearing (debt/debt+equity)	**31.5%**	36.7%

The group's balance sheet remains strong as a consequence of consistent earnings performance and strong cash flows. The group does not have a firm established policy however a long-term gearing range of 25% - 50% is considered appropriate.

Treasury

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

	2013	2012
	$000	$000
Current		
Bank overdraft	**458**	445
Trade finance	**1,062**	985
	1,520	1,430
Non-current		
Bank loans – secured by debenture security	**31,290**	36,241
Trade finance	**185**	1,246
	31,475	37,487
	32,995	38,917

The group had $18,389,000 in cash and immediately draw-able overdraft and bill facilities at 30 June 2013 (2012: $12,989,000). With the exception of payments on the trade finance facility, there are no debt repayment requirements on the group's core bill facilities before September 2014, at which time those facilities are expected to be renewed. The group continues to generate steady cash flows and the group's capacity to create business development opportunities continues to improve.

85.6% of the group's drawn debt was fixed at 30 June 2013 with a relatively even reduction in fixed debt exposures across the years 2014 to 2017. The group 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 group's facility at Regents Park in NSW has now been substantially developed as a result of the successful rationalisation work over the past year. The company's announcement on 31 July 2013 of the relocation of the Mt Waverley folding carton plant to the nearby Braeside facility will see further efficiency gains and will set the foundation for productivity improvements in the future.

Capital expenditures in 2014 are expected to be around $6,000,000, of which $4,271,000 has been committed at 30 June 2013 in relation to new printing technology and the balance relates predominantly to the Victorian rationalisation and some upgrade of the group's computer systems. Over the following few years, capital investment is expected to align fairly closely with the annual depreciation charge.

Business Strategies and Prospects for Future Financial Performance

The material business risks faced by the group that are likely to have an effect on the financial prospects of the group include:

- fluctuations in demand volumes;
- Australian businesses moving their manufacturing operations offshore;
- increased competition;
- technological change;
- changes to alternate packaging materials;
- political instability risk in some operating sites;
- the occurrence of force majeure events by significant suppliers;
- increasing costs of operations, including labour costs;
- the availability of debt finance at economic rates; and
- changed operating, market or regulatory environments as a result of climate change.

The above list does not necessarily represent an exhaustive list and it may be subject to change based on underlying market events.

The group's business strategy is to be the premier quality manufacturer and solution provider to folding carton users in the Australian and New Zealand markets. Industry rationalisation is likely to be an important feature of the industry in the face of continued loss of volume from manufacturers moving operations off-shore and the relentless drive by customers for lower input costs in the face of mounting pressures on their businesses to remain viable.

In 2014, in addition to the reported results, it will be necessary to focus on the underlying results in order to provide a meaningful understanding of the company's trading performance.

As noted above, the company announced on 31 July 2013 its intention to relocate the Mt Waverley folding carton plant to the nearby Braeside facility. The relocation is expected to be completed by April 2014. Financial performance in 2014 will be impacted by one-off costs of approximately $2,400,000 associated with premises costs, machine relocations and some redundancies, predominantly in the first half. The Board expects the rationalisation to have a payback of less than twelve months from the completion of the move.

Further, as the renegotiation of the final unfavourable contract occurred in 2013, subsequent years are not expected to have any further other income arising from unfavourable contract releases.

Excluding the anticipated 2014 one-off restructure costs, and also excluding for comparative purposes the impact of the unfavourable contract release in the 2013 year, and with the cost savings of the rationalisation having a more pronounced benefit on the second half of the year, we expect 2014 to be another year of profitable growth.

Profitability is expected to further improve into 2015 once the full year benefits of the rationalisation are be achieved. Cash flows from operations are expected to continue to be robust allowing a further reduction in debt, a further strengthening of the company's balance sheet.

Apart from the statements above, the company believes the provision of further information on the business strategies and prospects for future financial years would result in an unreasonable prejudice to the group's operations.

Dividend

The company is pleased to announce a final dividend of 1.75 cents per share, fully franked, which will be paid on 1 October 2013. This brings the full year dividend for 2013 to 3.50 cents per share, fully franked. The dividend payout ratio is 38.1% measured against reported NPAT (2012: -82.1%). Based on the share price at 30 June 2013 of 70.5 cents, this provides a dividend yield of 5.0%, fully franked.

Consolidated Statement of Comprehensive Income as at 30 June 2013

	Notes	**2013 $000**	2012 $000
Revenue	1	**174,017**	193,355
Other income		**3,499**	2,109
Changes in inventories of finished goods and work in progress		**(740)**	(2,947)
Raw materials and consumables used		**(75,592)**	(83,207)
Employee benefits expense	1	**(56,246)**	(61,639)
Depreciation and amortisation		**(4,364)**	(3,956)
Other indirect manufacturing costs		**(14,796)**	(16,590)
Occupancy costs		**(7,445)**	(8,653)
Other expenses		**(4,491)**	(5,693)
Profit before tax, acquisition and restructure related transactions and finance costs		**13,842**	12,779
Finance costs	1	**(3,099)**	(3,527)
Profit before income tax and acquisition and restructure related transactions		**10,743**	9,252
Acquisition and restructure related transactions:			
Business combination costs	1	**-**	(258)
Restructure and integration and costs	1	**-**	(15,283)
Total acquisition and restructure related transactions		**-**	(15,541)
Profit / (Loss) before income tax		**10,743**	(6,289)
Income tax expense from continuing operations		**(3,249)**	(1,592)
Income tax benefit on acquisition and restructure related transactions		**-**	4,654
Total income tax expense	2	**(3,249)**	3,062
Net profit / (loss) for the period		**7,494**	(3,227)
Other comprehensive income			
Cash flow hedges to be reclassified subsequently to the income statement			
Gain / (loss) taken to equity		**354**	(591)
Income tax expense on items of other comprehensive income		**(106)**	177
Foreign currency translation to be reclassified subsequently to the income statement		**(33)**	17
Other comprehensive income for the period, net of tax		**215**	(397)
Total comprehensive income for the period		**7,709**	(3,624)
Earnings per share (cents per share)			
- Basic and diluted on profit for the year attributable to ordinary equity holders of the company	3	**9.19**	(3.96)

Consolidated Statement of Financial Position
as at 30 June 2013

	Note	**2013 $000**	2012 $000
ASSETS			
Current Assets			
Cash and cash equivalents	5	**4**	4
Trade and other receivables	6	**25,421**	31,384
Inventories	7	**23,391**	28,227
Income tax receivable		**436**	648
Other current assets	8	**2,333**	743
Total Current Assets		**51,585**	61,006
Non-current Assets			
Property, plant and equipment	9	**40,147**	40,566
Goodwill and intangible assets	10	**46,134**	46,134
Deferred income tax asset	2	**3,117**	6,424
Total Non-current Assets		**89,398**	93,124
TOTAL ASSETS		**140,983**	154,130
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**17,423**	21,586
Interest-bearing loans and borrowings	12	**1,520**	1,430
Income tax payable		**-**	-
Provisions	13	**9,252**	12,282
Derivative financial instruments	15	**184**	129
Total Current Liabilities		**28,379**	35,427
Non-current Liabilities			
Interest-bearing loans and borrowings	12	**31,475**	37,487
Deferred income tax liabilities	2	**-**	-
Provisions	13	**8,738**	13,272
Derivative financial instruments	15	**535**	943
Total Non-current Liabilities		**40,748**	51,702
TOTAL LIABILITIES		**69,127**	87,129
NET ASSETS		**71,856**	67,001
EQUITY			
Contributed equity	14	**39,484**	39,484
Retained profits		**32,983**	28,343
Reserves		**(611)**	(826)
TOTAL EQUITY		**71,856**	67,001

Consolidated Statement of Cash Flows
for the year ended 30 June 2013

	Note	**2013 $000 Inflows/(Outflows)**	2012 $000 Inflows/(Outflows)
Cash flows from / (used in) operating activities			
Receipts from customers		**194,826**	220,728
Payments to suppliers and employees		**(178,645)**	(198,427)
Interest received	1	**35**	60
Income taxes paid		**212**	(1,762)
Borrowing costs		**(2,911)**	(3,434)
Net cash flows from / (used in) operating activities (before acquisition and restructure related transactions)		**13,517**	17,165
Acquisition and restructure related transactions		**-**	(11,677)
Net cash flows from / (used in) operating activities	5	**13,517**	5,488
Cash flows from / (used in) investing activities			
Purchase of business, net of cash acquired		**-**	(4,341)
Proceeds from sale of property, plant and equipment		**598**	1,294
Purchase of property, plant and equipment		**(5,339)**	(4,523)
Net cash flows from / (used in) investing activities		**(4,741)**	(7,570)
Cash flows from / (used in) financing activities			
Repayment of finance lease principal		**(984)**	(766)
Proceeds / (repayment) of borrowings		**(4,951)**	8,230
Payment of dividends	4	**(2,854)**	(2,650)
Net cash flows from / (used in) financing activities		**(8,789)**	4,814
Net increase / (decrease) in cash and cash equivalents held		**(13)**	2,732
Cash and cash equivalents at the beginning of the year		**(441)**	(3,173)
Cash and cash equivalents at the end of the year	5	**(454)**	(441)

Consolidated Statement of Changes in Equity
for the year ended 30 June 2013

	Attributable to equity holders of the company				
	Contributed equity $000	Retained profits $000	Cash flow hedge reserve $000	FX translation reserve $000	Total equity $000
At 1 July 2012	**39,484**	**28,343**	**(751)**	**(75)**	**67,001**
Profit / (loss) for the period	**-**	**7,494**	**-**	**-**	**7,494**
Other comprehensive income	**-**	**-**	**248**	**(33)**	**215**
Total comprehensive income for the period	**-**	**7,494**	**248**	**(33)**	**7,709**
Transactions with owners in their capacity as owners:					
Shares issued	**-**	**-**	**-**	**-**	
Dividends paid	**-**	**(2,854)**	**-**	**-**	**(2,854)**
At 30 June 2013	**39,484**	**32,983**	**(503)**	**(108)**	**71,856**
At 1 July 2011	39,484	34,220	(337)	(92)	73,275
Profit / (loss) for the period	-	(3,227)	-	-	(3,227)
Other comprehensive income	-	-	(414)	17	(397)
Total comprehensive income for the period	-	(3,227)	(414)	17	(3,624)
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Dividends paid	-	(2,650)	-	-	(2,650)
At 30 June 2012	39,484	28,343	(751)	(75)	67,001

1. REVENUES AND EXPENSES

	Note	2013 $000	2012 $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			
Sales to external customers		**171,676**	191,661
Interest from unrelated persons		**35**	60
Other revenues from external customers		**2,306**	1,634
		174,017	193,355
(ii) Other income			
Unfavourable contracts		**3,499**	**2,109**
(iii) Expenses			
Finance costs			
Interest paid or payable to unrelated persons		**2,818**	3,311
Finance charges under onerous contracts		**153**	161
Finance charges payable under finance leases and hire purchase contracts		**128**	55
Total finance costs expensed		**3,099**	3,527
Lease payments included in statement of comprehensive income			
Minimum lease payments – operating leases		**5,514**	6,003
Other expenses includes:			
Doubtful debts		**67**	218
Employee benefits expense includes:			
Superannuation		**4,051**	4,051
Senior executive incentive plan		**687**	345
Other salary and wages and on-costs		**51,508**	57,243
Total employee benefits expense		**56,246**	61,639

1. REVENUES AND EXPENSES (continued)

The following costs are recorded on the face of the Statement of Comprehensive Income as IFRS related costs and have been separately disclosed because they are non-recurring and without separate disclosure, would result in a misleading understanding by the users of the financial statements:

	2013	2012
	$000	$000
Restructuring and integration costs		
Redundancies	**-**	7,290
Premises provisions	**-**	6,081
Moving costs	**-**	804
Equipment and inventory provisions	**-**	180
Impairment of non-current assets	**-**	174
Integration costs	**-**	754
Total restructuring and integration costs	**-**	15,283
Business combination costs		
Computer set-up	**-**	120
Rebranding	**-**	84
Legal	**-**	25
Accounting and Tax	**-**	-
Adviser Fees	**-**	15
Other	**-**	14
Total business combination costs	**-**	258

(b) Seasonality of Operations

The group experiences some seasonality in relation to demand for its product, with sales in the 1st half typically around 53% of annual sales (2012: 55%).

2. INCOME TAX

The major components of income tax expense are:

Income Statement

	2013 $000	2012 $000
Current income tax		
Current income tax charge	**836**	(2,834)
Adjustments in respect of current income tax of previous years	**2**	17
Deferred income tax		
Relating to origination and reversal of temporary differences	**2,411**	(245)
Income tax expense / (credit) reported in the statement of comprehensive income	**3,249**	(3,062)

Statement of changes in equity

Deferred income tax related to items charged or credited directly to equity		
Net gain / (loss) on revaluation of cash flow hedges	**106**	(177)
Income tax expense / (credit) reported in equity	**106**	(177)

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 / (loss) before income tax	**10,743**	(6,289)
Tax expense / (credit) at the company's statutory income tax rate (30%)	**3,223**	(1,887)
- Change in tax rate of foreign subsidiary	**8**	-
- Adjustments in respect of current income tax of previous years	**2**	17
- Difference in tax rate of foreign subsidiary	**(10)**	(4)
- Adjustment to prior year deferred position – acquisition related	**-**	(1,220)
- Expenditure not allowable for income tax purposes	**26**	32
Income tax expense / (credit) reported in the statement of comprehensive income	**3,249**	(3,062)

2. INCOME TAX (continued)

Deferred Income Tax

Deferred income tax at 30 June relates to:

	Balance sheet		*Income statement*	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Deferred income tax assets				
Doubtful debts	**20**	64	**(44)**	47
Inventory provisions	**86**	84	**-**	23
Employee benefits	**2,508**	2,785	**(287)**	(255)
Accruals	**3,079**	4,985	**(1,951)**	407
Acquisition costs	**4**	8	**(3)**	(4)
Restructure costs	**280**	124	**155**	106
Interest swaps (cash flow hedges)	**216**	322	**-**	-
Tax losses	**866**	1,700	**-**	-
Gross deferred income tax assets	**7,059**	10,072		
Deferred income tax liabilities				
Accelerated depreciation for tax purposes	**3,942**	3,648	**(281)**	(105)
Acquired debtors and inventory	**-**	-	**-**	26
Gross deferred income tax liabilities	**3,942**	3,648		
Deferred income tax charge			**(2,411)**	245
Net deferred tax asset	**(3,117)**	(6,424)		

3. EARNINGS PER SHARE

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

	2013	2012
Basic and diluted earnings per share (cents per share)	**9.19**	(3.96)
Weighted average number of ordinary shares used in the calculation of basic and dilutive earnings	**81,537,151**	81,537,151
Net profit / (loss) used in the calculation of basic and diluted earnings per share ($000)	**7,494**	(3,227)

Subscription or issues after 30 June 2013

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

	2013 $000	2012 $000
(a) Recognised amounts		
Declared and paid during the year:		
Dividends on ordinary shares:		
Final franked dividend for 2012: 1.75 cents (2011: 1.75 cents)	**1,427**	1,427
Interim franked dividend for 2013: 1.75 cents (2012: 1.50 cents)	**1,427**	1,223
	2,854	2,650
(b) Unrecognised amounts:		
Dividends on ordinary shares:		
Final franked dividend for 2013: 1.75 cents (2012: 1.75 cents)	**1,427**	1,427
	1,427	1,427
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% (2012: 30%)	**7,004**	8,466
• franking credits that will arise / (be lost) from the payment / (receipt) of income tax payable / receivable as at the end of the financial year	**(418)**	(649)
Amount of franking credits available for future reporting periods	**6,586**	7,817
• 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	**(612)**	(612)
	5,974	7,205

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 2013, the group had available $18,288,000 (2012: $12,989,000) of cash and undrawn committed borrowing facilities in respect of which conditions precedent had been met.

Reconciliation to Statement of Cash Flow

		2013 $000	2012 $000
For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise the following at 30 June:			
Cash on hand		**4**	4
Cash at bank – with overdraft facility	12	**(458)**	(445)
Closing cash balance		**(454)**	(441)

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

	2013 $000	2012 $000
Net profit	**7,494**	(3,227)
Adjustments for non-cash items:		
Depreciation of non-current assets	**4,364**	3,940
Impairment of intangibles	**-**	298
Net (profit) / loss on disposal of plant and equipment	**101**	33
Changes in assets and liabilities:		
Decrease/(Increase) in assets:		
Trade and other receivables	**5,963**	6,837
Inventories	**4,836**	2,253
Prepayments [(1)]	**(895)**	55
Derivative financial instruments [(2)]	**-**	-
(Decrease)/Increase in liabilities:		
Trade payables	**(2,587)**	3,318
Provisions	**(7,562)**	(389)
Other payables	**(1,576)**	(2,796)
Income tax payable	**211**	(2,423)
Deferred income tax liabilities	**3,201**	(2,411)
FX translation differences on working capital	**(33)**	-
Net cash from operating activities	**13,517**	5,488

[(1)] The movement in prepayments excludes $696,000 net movement on property, plant and equipment (2012: $1,009,000).

[(2)] The movement in Derivative Financial Instruments excludes $354,000 (2012: $591,000) in interest swaps and forward exchange contracts 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	2013 $000	2012 $000
Trade receivables		**25,026**	30,073
Allowance for impairment loss	(a)	**(67)**	(215)
		24,959	29,858
Other receivables		**462**	1,526
Total current receivables		**25,421**	31,384

(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. Financial difficulties of the debtor as supported by an inability to pay over a prolonged period, the award of court judgement against the debtor or the debtor going in to administration or liquidation are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows. An impairment loss of $67,000 (2012: $215,000) 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:

	2013	2012
At 1 July	**215**	81
Charge for the year	**39**	218
Foreign currency translation	**-**	1
Amounts written-off	**(187)**	(85)
At 30 June	**67**	215

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

		2013	2012
0 – 30 days		**14,568**	15,761
31 – 60 days		**3,104**	4,269
31 – 60 days	Past due not impaired	**6,370**	7,880
61 – 90 days	Past due not impaired	**557**	1,298
90+ days	Past due not impaired	**354**	626
90+ days	Considered impaired	**73**	239
At 30 June		**25,026**	30,073

Receivables past due but not considered impaired are $7,281,000 (2012: $9,804,000). Payment terms on these amounts have not been renegotiated although credit has been stopped until full payment is made in limited instances. The group 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)

	2013 $000	2012 $000
Raw materials, stores and spares at lower of cost and net realisable value	**12,157**	16,253
Work in progress at cost	**3,182**	2,642
Finished goods at net realisable value	**8,052**	9,332
Total inventories at the lower of cost and net realisable value	**23,391**	28,227

8. OTHER CURRENT ASSETS

	2013 $000	2012 $000
Prepayments	**1,353**	459
Deposits on plant and equipment	**980**	284
Total prepayments	**2,333**	743

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Computers and Office Equipment	Motor Vehicles	Plant and Equipment	Furniture, Fixtures and Fittings	Total
	$000	$000	$000	$000	$000	$000
Year Ended 30 June 2013						
At 1 July 2012, net of accumulated depreciation and impairment	**1,271**	**1,972**	**29**	**37,136**	**158**	**40,566**
Additions	**1,607**	**567**	**-**	**2,455**	**15**	**4,644**
Disposals	**-**	**(6)**	**-**	**(693)**	**-**	**(699)**
Depreciation charge for the year	**(248)**	**(728)**	**(6)**	**(3,346)**	**(36)**	**(4,364)**
At 30 June 2013, net of accumulated depreciation	**2,630**	**1,805**	**23**	**35,552**	**137**	**40,147**
At 1 July 2012						
Cost	1,681	4,103	257	55,720	288	62,049
Accumulated depreciation and impairment	(409)	(2,131)	(228)	(18,585)	(130)	(21,483)
Net carrying amount	1,272	1,972	29	37,135	158	40,566
At 30 June 2013						
Cost	**3,279**	**4,585**	**204**	**56,754**	**303**	**65,125**
Accumulated depreciation and impairment	**(649)**	**(2,780)**	**(181)**	**(21,202)**	**(166)**	**(24,978)**
Net carrying amount	**2,630**	**1,805**	**23**	**35,552**	**137**	**40,147**
Year Ended 30 June 2012						
At 1 July 2011, net of accumulated depreciation and impairment	373	742	43	39,289	135	40,582
Additions	1,021	1,833	-	2,628	50	5,532
Disposals	-	(9)	-	(1,425)	-	(1,434)
Impairment	-	-	-	(174)	-	(174)
Depreciation charge for the year	(122)	(594)	(14)	(3,183)	(27)	(3,940)
At 30 June 2012, net of accumulated depreciation	1,272	1,972	29	37,135	158	40,566
At 1 July 2011						
Cost	671	2,339	257	54,749	238	58,254
Accumulated depreciation and impairment	(298)	(1,597)	(214)	(15,460)	(103)	(17,672)
Net carrying amount	373	742	43	39,289	135	40,582
At 30 June 2012						
Cost	1,681	4,103	257	55,720	288	62,049
Accumulated depreciation and impairment	(409)	(2,131)	(228)	(18,585)	(130)	(21,483)
Net carrying amount	1,272	1,972	29	37,135	158	40,566

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 2013 is nil (2012: nil). Additions during the year include nil (2012: 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 group incurred nil in impairment losses during the year (2012: $174,000).

10. GOODWILL AND INTANGIBLE ASSETS (non-current)

	Goodwill $000	Brand Name $000	Total $000
Year ended 30 June 2013			
At 1 July 2012, net of impairment losses	46,134	-	46,134
Additions – acquisition of business	-	-	-
Impairment losses	-	-	-
At 1 July 2013, net of impairment losses	46,134	-	46,134
At 30 June 2013			
Cost (gross carrying value)	46,134	-	46,134
Impairment	-	-	-
Net carrying value	46,134	-	46,134

11. TRADE AND OTHER PAYABLES (Current)

	2013 $000	2012 $000
Unsecured liabilities		
Trade payables	**10,022**	12,608
Other payables	**7,401**	8,978
Total trade and other payables	**17,423**	21,586

(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	2013 $000	2012 $000
Current			
Secured liabilities			
Bank overdraft	(i)	**458**	445
Bank loan	(ii), (iii)	**-**	-
Obligations under finance leases and hire purchase contracts	16(b)	**1,062**	985
Total current interest bearing liabilities		**1,520**	1,430
Non-current			
Secured liabilities			
Bank loans	(ii), (iii)	**31,290**	36,241
Obligations under finance leases and hire purchase contracts	16(b)	**185**	1,246
Total non-current interest bearing liabilities		**31,475**	37,487

(i) Bank overdrafts are provided under facilities with the National Australia Bank Limited and the Bank of New Zealand, with an aggregate facility limit of $3,002,000 at 30 June 2013 (2012: $2,920,000). These facilities expire on 31 August 2014 and it is anticipated that the facilities will be extended in the normal course of business. The average interest rate applicable at 30 June 2013 was 12.42% (2012: 10.52%) plus a line fee of 2.55%.

(ii) Bank loans are provided under facilities with the National Australia Bank Limited, the Bank of New Zealand and Westpac Banking Corporation, with an aggregate facility limit of $47,034,000 at 30 June 2013 (2012: $46,760,000). These facilities expire on 1 September 2014 and it is anticipated that the facilities will be extended in the normal course of business. There is no ongoing repayment requirement on the loan facilities and it is the group's intention to extend these facilities upon expiry. The average interest rate payable at 30 June 2013 on the fixed and floating bills under these facilities was 7.70% (2012: 8.08%), inclusive of bank margins.

(iii) All interest-bearing liabilities are secured by a fixed and floating charge over the group's assets.

(a) Fair values

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

The group has potential financial liabilities which may arise from certain contingencies disclosed in note 16. 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 group. No material losses are expected and as such, the fair values disclosed are the directors' estimate of amounts that will be payable by the group.

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:

	2013 $000	2012 $000
Current		
Floating Charge		
Cash and cash equivalents	**4**	4
Receivables	**25,421**	31,384
Inventories	**23,391**	28,227
Income tax receivable	**437**	648
Prepayments	**2,333**	743
Total current assets pledged as security	**51,586**	61,006
Non-current		
Floating charge		
Plant and equipment	**40,147**	40,566
Goodwill and intangible assets	**46,134**	46,134
Deferred income tax asset	**3,117**	6,424
Total non-current assets pledged as security	**89,398**	93,124
Total assets pledged as security	**140,984**	154,130

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

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

30 June 2013	**Accessible $000**	**Drawn down $000**	**Unused $000**
Bank bills	**47,034**	**31,290**	**15,744**
Trade finance / equipment loan	**1,247**	**1,247**	**-**
Overdraft	**3,002**	**458**	**2,544**
Bank guarantees	**1,800**	**1,723**	**77**

30 June 2012	Accessible $000	Drawn down $000	Unused $000
Bank bills	46,756	36,241	10,515
Trade finance / equipment loan	2,231	2,231	-
Overdraft	2,919	445	2,474
Bank guarantees	3,756	1,466	2,290

Security and Conditions

The facilities are secured by debenture security administered by National Australia Trustees Limited (see note 9(i)).

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

- a financial charges covenant;
- a leverage covenant;
- maintenance of a minimum level of shareholder funds; and
- maximum limit on dividend distributions without prior bank approval.

Facility Review

These facilities are provided by the National Australia Bank Limited, the Bank of New Zealand and Westpac Banking Corporation. Subject to annual review and unless otherwise extended, the bank bill, bank guarantee and overdraft facilities expire on 30 September 2014 and the trade finance / equipment loan facility expires on 30 April 2014.

13. PROVISIONS

	2013 $000	2012 $000
Current		
Employee leave benefits	**6,998**	8,350
Restructure provision	**1,165**	1,230
Unfavourable contracts	**-**	1,638
Unfavourable leases	**1,089**	1,064
Total current provisions	**9,252**	12,282
Non-current		
Employee leave benefits	**1,392**	1,139
Restructure provision	**1,870**	3,142
Unfavourable contracts	**-**	1,708
Unfavourable leases	**2,695**	3,860
Property make-good	**2,781**	3,423
Total non-current provisions	**8,738**	13,272

For a description of the nature and timing of cash flows associated with the above provisions, refer to section (b) below.

(a) Movements in provisions

Movements in each class of provision during the financial year, other than provisions related to employee benefits, are set-out below:

	Restructure Provision $000	Unfavourable Contracts $000	Unfavourable Leases $000	Property Make-good $000	Total $000
At 1 July 2012	4,372	3,346	4,924	3,423	16,065
Additional provisions	-	-	-	-	-
Utilised / released	(1,337)	(3,346)	(1,140)	(642)	(6,465)
At 30 June 2013	3,035	-	3,784	2,781	9,600
Current 2013	1,165	-	1,089	-	2,254
Non-current 2013	1,870	-	2,695	2,781	7,346
	3,035	-	3,784	2,781	9,600

(b) Nature and timing of provisions

Restructure provision

The group has moved its Reservoir, Dandenong and Brandpack operations in Victoria and its Villawood operation in NSW. These decisions resulted in provisions being made to cover the costs of the move as well as remaining commitments under lease agreements. The remaining provision relates solely to the Villawood and Brandpack remaining lease commitments and will be utilised as payments are made.

Unfavourable contracts

The Carter Holt Harvey folding carton operations acquired effective 1 March 2011 held contracts with various customers for periods of up to four years. As at the acquisition date, the prices on some of these contracts were considered to be uneconomic. As part of the business combination accounting, these unfavourable customer contracts were assigned a fair value of $6,407,000 and recognised as a liability and were being amortised over the remaining term of each contract. In June 2013, the single remaining customer contract was favourably renegotiated and is no longer considered onerous. This resulted in a release of $1,709,000, being the remaining unamortised balance at 30 June 2013.

13. PROVISIONS (continued)

(b) Nature and timing of provisions (continued)

Unfavourable leases

The purchased folding carton operations held contracts with various landlords at fixed prices for a certain period. As at the acquisition date, these prices were not at market rates and were considered unfavourable. As part of the business combination accounting, these unfavourable lease contracts were assigned a fair value of $6,685,000 and recognised as a liability. The leases have terms of up to three years to run and the unfavourable amount of each lease is being amortised over the remaining term of that lease.

Property make-good

In accordance with lease agreements on the acquired properties, the group must restore, at the end of each lease term, the respective leased premises to their conditions at the commencement of those leases. A release of $590,000 was made to this provision in 2013 following a review of the provisions and $52,000 was incurred in performing make-good obligations prior to expiry of the lease on certain premises.

Because of the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred.

14. CONTRIBUTED EQUITY AND RESERVES

This note should be read in conjunction with the Statement of Changes in Equity shown on page 13 of this Appendix 4E.

	2013	2012
	$000	$000
(a) Issued and paid-up capital:		
Ordinary shares	**39,484**	39,484
Total contributed equity	**39,484**	39,484

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:

There were no movements in ordinary shares on issue during either the year or the preceding year.

(c) Shares under escrow

As at 30 June 2013, 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.

14. CONTRIBUTED EQUITY AND RESERVES (continued)

(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.

Foreign currency translation

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record gains and losses on hedges of the net investments in foreign operations.

(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 a relatively low 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 2013, the company paid dividends of $2,853,000 (2012: $2,650,000), of which $2,853,000 (2012: $2,650,000) was satisfied in cash and nil (2012: nil) in shares under the dividend reinvestment plan.

The company has no current plans to issue further shares on the market.

The company monitors capital through the gearing ratio (net debt / debt + equity). The target for the company's gearing ratio is between 25% to 50%. The gearing ratios at 30 June 2013 and 30 June 2012 were as follows:

	2013	2012
	$000	$000
Interest-bearing loans and borrowings	**32,995**	38,917
Cash and cash equivalents	**(4)**	(4)
Net debt	**32,991**	38,913
Total equity	**71,856**	67,001
Total capital employed	**104,847**	105,914
Gearing (debt / debt+equity)	**31.5%**	36.7%

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

15. DERIVATIVE FINANCIAL INSTRUMENTS

	2013	2012
	$000	$000
Current liabilities		
Interest rate swap contracts – cash flow hedges	**184**	129
	184	129
Non-current liabilities		
Interest rate swap contracts – cash flow hedges	**535**	943
	535	943

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Instruments used by the company

Derivative financial instruments are used by the group 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 group currently bear a variable interest rate of 2.87%. In order to protect against rising interest rates the group 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 86% (2012: 72%) of the principal outstanding and are timed to expire at selected dates over the next four years, with the earliest expiry being December 2013. The fixed interest rates range between 3.25% and 5.69% (2012: 4.64% and 7.39%) and the comparable variable rate based on the 90 day bank bill rate at balance date was 2.87% (2012: 3.63%). In addition, a margin over the bill and fixed rates are payable to the banks.

At 30 June 2013, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	2013 $000	2012 $000
0 – 1 years	**7,000**	6,000
1 – 2 years	**7,000**	7,000
2 – 3 years	**6,000**	-
3 – 5 years	**7,000**	13,000
5+ years	**-**	-
	27,000	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 reclassified into profit and loss when the interest expense is recognised.

Movement in cash flow hedge reserve

	2013 $000	2012 $000
Opening balance	**(751)**	(337)
Transferred to the statement of comprehensive income	**336**	281
Charged to Equity:		
(Decrease) / increase in value of interest swaps	**(88)**	(695)
Closing balance	**(503)**	(751)

The group has entered into interest rate swap contracts that are timed to expire at selected dates over the next three years, with the earliest expiry being June 2014. The interest rates relevant to these swaps are set out above under the heading, *interest rate swaps - cash flow hedges.*

The value of the reserve held at 30 June 2013 has increased in the twelve months by $248,000 due to the maturity of $6,000,000 of higher priced swaps and the shortening term to maturity for the remaining swaps, despite a reduction in variable interest rates on bank bills over the past twelve months.

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 group'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 $719,000 (2012: $1,072,000).

16. COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

At 30 June 2013 the group has commitments contracted for but not recognised as liabilities of $4,271,000 (2012: 11,000).

(b) Trade finance commitments

Future minimum payments under trade finance contracts together with the present value of the net minimum payments are as follows:

	2013		2012	
	Minimum Payments $000	Present Value of Payments $000	Minimum Payments $000	Present Value of Payments $000
Within one year	**1,113**	**1,062**	1,113	985
After one year but not more than five years	**185**	**185**	1,298	1,247
Total minimum payments	**1,298**		2,411	
Less amounts representing finance charges	**(51)**		(179)	
Present value of minimum payments	**1,247**	**1,247**	2,232	2,232

Trade finance contracts are entered into as means of funding the acquisition of certain items of plant and equipment and leasehold improvements.

(c) Operating lease commitments

The group 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:

	2013 **$000**	2012 $000
– not later than one year	**7,576**	6,524
– later than one year but not later than five years	**16,452**	20,030
– later than five years	**12,395**	9,819
Aggregate operating lease expenditure contracted for at reporting date	**36,423**	36,373

16. COMMITMENTS AND CONTINGENCIES (continued)

(d) Remuneration commitments

	2013	2012
	$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	**885**	1,066
– after one year but not later than five years	**1,033**	1,880
Aggregate remuneration commitments contracted for at reporting date	**1,918**	2,946

Amounts disclosed as remuneration commitments include commitments arising from executive director and executive service contracts that are not recognised as liabilities and are not included in the directors' or executives' remuneration for the current year. Mr A. Commins and Mr H. Commins each have current contracts and the above table reflects the board agreed contract terms.

(e) Guarantees and Indemnities

The group has the following guarantees at 30 June 2013:

An indemnity agreement has been entered into with each officer of the group 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 $1,723,000 (2012: $1,467,000).

17. EVENTS AFTER THE BALANCE SHEET DATE

On 31 July 2013 the company announced its intention to relocate the Mt Waverley folding carton plant to the nearby Braeside facility. The relocation is expected to be completed by April 2014. Financial performance in 2014 will be impacted by one-off costs of approximately $2,400,000 associated with premises costs, machine relocations and some redundancies and a payback of less than twelve months is expected from the completion of the move.

Other than the above, no significant events material to 30 June 2013 have arisen since that date.

18. INFORMATION RELATING TO COLORPAK LIMITED

	2013	2012
	$	$
Current assets	**46,492**	54,494
Total assets	**132,270**	143,269
Current liabilities	**23,461**	30,164
Total liabilities	**63,619**	79,163
Issued capital	**39,484**	39,484
Retained earnings	**29,670**	25,372
Reserves	**(503)**	(751)
	68,651	64,106
Profit or loss of parent entity	**7,152**	(3,374)
Total comprehensive income of the parent entity	**7,399**	(3,787)