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 2006 #	Period ended 30 June 2005 #

See comments under brief explanation.

Results for announcement to the market					**AUD'000s**
Revenues from ordinary activities	up ~~/ down~~	20.7	%	to	70,716
Profit from ordinary activities after tax attributable to members	~~up~~ / down	15.4	%	to	4,501
Net profit for the period attributable to members	~~up~~ / down	15.4	%	to	4,501

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

See commentary on results below.

	Amount per security	Franked amount per security
Final dividend	1.75 cents	1.75 cents
Interim dividend	1.0 cents	1.0 cents
Record date for determining entitlements to the final dividend	4 September 2006	
Dividend reinvestment plan	not applicable	
	2006	2005
Net tangible assets per security	2.2 cents	(1.0) cents

Commentary on Results: See separate report below	
Audit Statement: This report is based on the 2006 Annual Report of Colorpak Limited which is in the process of being audited. An unqualified audit report is expected.	
Entities over which control has been gained during the year	Nil
Entities over which control has been gained during the year	Nil
Details of associates	Nil
Details of joint venture entities	Nil
Annual General meeting will be held at: Place:	 Theatrette, Stock Exchange Centre 530 Collins Street Melbourne Vic 3000
Date:	Friday, 20 October 2006
Time:	11.00 am

Commentary on Results

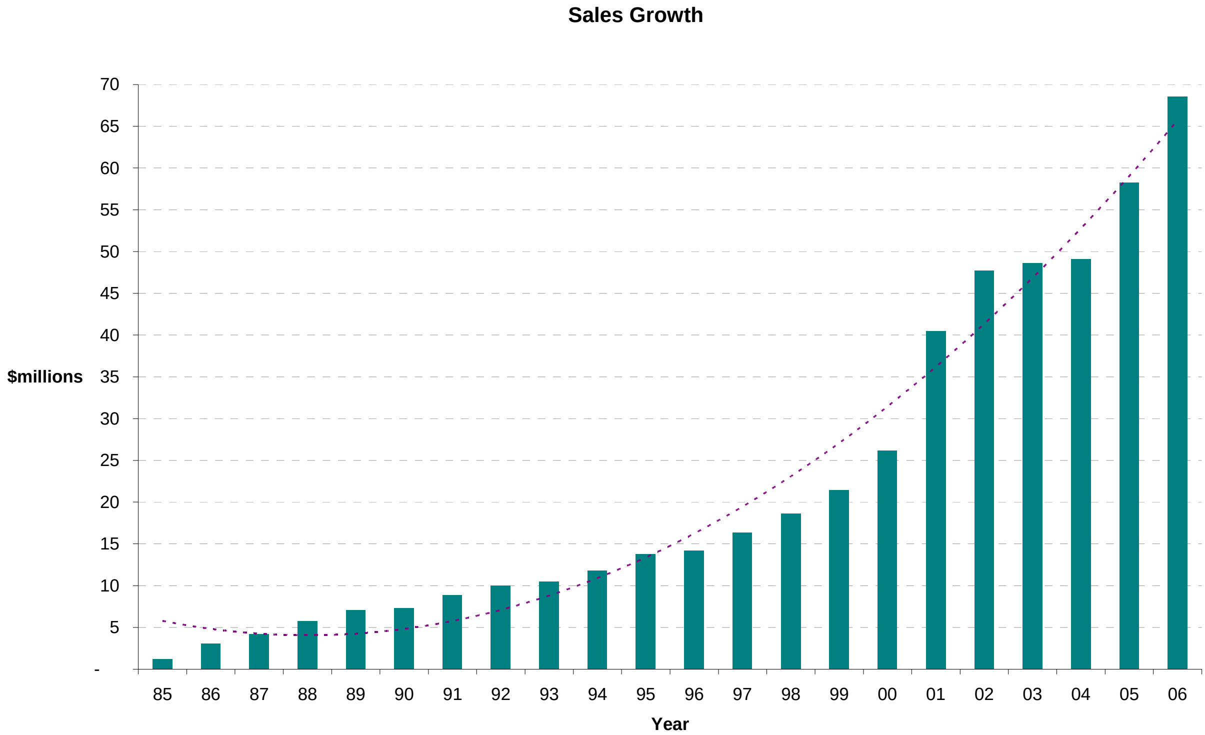
Financial Performance

The business has experienced another year of solid organic sales growth, with revenues from the sale of goods and services totalling $68.566 million, an increase of 17.7% over the prior year ($58.258 million). NPAT decreased to $4.501 million from $5.318 million, principally as a result of the matters dealt with below.

The relocation of the NSW carton business to a purpose built facility at Regents Park, was completed in June 2006, somewhat later than the initial project timeline. One-off relocation costs of $425 thousand impacted the 2006 result. This delay caused problems in our existing Sydney operation, resulting in a large volume of work having to be temporarily transferred to Victoria in the January to June period. To ensure the company's high customer service levels were not compromised this resulted in further one-off operating cost impacts.

As well, the company has now concluded a strategic review of the recently acquired Castle Graphics foil and self-adhesive leaflet business which has not been performing to expectations. This business will be integrated into the new Regents Park facility. Accordingly, the company has incurred $242 thousand in restructuring costs and a further $509 thousand in associated impairment losses that are specific charges against the 2006 result. The benefits of the restructure will flow through from early in the 2007 financial year. The restructure will reduce fixed costs and improve manufacturing efficiencies while maintaining the existing product range. While the Castle Graphics business has had some initial teething problems, substantial new carton work has been won from new customers as a result of the extended product range afforded by this acquisition.

Sales growth over 2005 has totalled 17.7% and has continued the trend from prior years. Organic growth in the carton business has accounted for 13.9% of this increase, with the balance coming from the flexibles (Castle Graphics) business. Compound sales growth over the last 10 years has been 17.0%. Colorpak's revenue history, incorporating revenues from the Colorpak and Foilmasters' predecessor businesses, is set out in the following table:



Cash Flow

Cash generation from operations for the year was an inflow of $3.409 million compared with an inflow of $7.878 million last year. This reduction was caused by:

1. 2005 was the first year since incorporation in December 2003 in which the company paid tax, and the amount paid did not amount to a full year's obligation. Total tax in the current period was $3.106 million, of which $0.756 million was a catch-up for 2005 and therefore is not recurring; and
2. the company's success in generating a 17.7% revenue increase has resulted in increased working capital requirements, predominantly debtors and inventories. Demand on working capital requirement is expected to be ongoing, commensurate with sales growth.

Debt at 30 June 2006 totalled $32.0 million, supporting the increased working capital. The company maintains adequate cash reserves and undrawn bank credit limits to meet its increased working capital requirements.

Operating Activities

Construction of a greenfield site in the Sydney suburb of Regents Park was completed in May 2006. This state of the art facility will improve manufacturing efficiency and is expected to drive new client growth in the important NSW market. As well, a finished goods warehouse in Braeside, adjacent to the current premises, was completed in February 2006. This facility will improve warehousing, handling and distribution costs.

2006 saw the successful commissioning of two Roland 700 six colour twin coating machines, one each in Melbourne and Sydney. The productivity of the Braeside press has already proven to be very strong and the new equipment is expected to underpin continued revenue growth. In addition, a Bobst 106LER was installed in Sydney in late June 2006 and commissioned in July.

Colorpak's Pharmakit model is being well accepted within the Pharmaceutical industry and the company is forging ahead with its batch style multiple printed components for a number of clients, with many more showing interest in the model.

The company sustained fire-damage to its Bobst 104ER at Braeside in March 2006. The fire was quickly identified and extinguished, although sufficient damage occurred necessitating the write-off of that machine. Adequate insurance was maintained and a new die-cutter has been ordered, which will be installed in late 2006. Production capacities have been unaffected, with additional shifts implemented on other die-cutting equipment to cover the shortfall.

Shareholder Returns

Colorpak has delivered the following returns to shareholders:

	Notes	2006	2005	2004 (*)
Basic earnings per share (cents)		5.59	6.84	1.98
Return on assets (%)		4.8	6.4	2.0
Return on equity (%)		9.9	12.5	3.8
Gearing (debt / debt+equity) (%)		40.1	37.7	42.8
Dividend payout ratio (%)	1.	49.2	37.8	n/a
Total shareholder return (%)	2.	(22.7)	41.3	n/a
Available franking credits ($000)		3,365	662	-

(*) 2004 was a part year, with the company commencing trading in January 2004.

Notes:

1. Includes the proposed final dividend payable in October.
2. Excludes final dividend. Based on the share price at 30 June 2006.

Asset and Capital Structure

	2006	2005
Debt:		
Interest bearing loans and borrowings	32,032	27,502
Cash and short term deposits	(2)	(2)
Net debt	32,030	27,500
Total equity	47,920	45,365
Total capital employed	79,950	72,865
Gearing (Debt / Debt+Equity)	40.1%	37.7%

Aggregate debt is slightly down on the level at the time of ASX listing. Capital investment in 2007 will see the last of the foreseeable major capital equipment outlays and the company's focus over the next few years will be to retire debt. The company does not have an established policy however a long term range of 30 - 50% is considered appropriate.

Treasury

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

	2006	2005
Current		
Obligations under finance leases and hire purchase	7	649
Bank overdraft	890	811
Other loans	2,250	2,400
	3,147	3,860
Non-current		
Obligations under finance leases and hire purchase	35	42
Other loans	28,850	23,600
	28,885	23,642
	32,032	27,502

The amount of the company's debt increased during the year to fund both investments in new capital equipment and working capital needs to meet growing customer demand. With known capital commitments (see note 21(a)) and the final payment on the new Roland 706D press, (see note 14(ii)), debt is expected to increase to a peak of around $36 - $37 million during the year before closing the 2007 year at similar levels to this year.

Investments for Future Performance

The company's investment program for new capital expenditure, which included the acquisition of two Roland presses and two Bobst die-cutters to meet customer demand, has now been fully committed. At 30 June 2006, other payables included $3.748 million of liabilities and in addition, capital commitments amounted to a net $2.4 million towards this program. No further significant investments are envisaged for the balance of 2007 and capital expenditures in future years are expected to more closely align with our annual depreciation charge.

Outlook

With new premises and world class equipment, the company anticipates continued growth in both NSW and Victoria. The setback to earnings in January to June 2006 is expected to be reversed over the next six months as we bed down both operations in NSW into the new premises. In line with the growth prospects the 2nd half of 2007 will outperform the 1st half. The earnings growth path is forecast to be re-established for 2007 with expected revenues of between $71 and $73 million and expected NPAT of between $5.1 and $5.4 million. Cash flows from operations are expected to continue to be robust through 2007.

Dividend

The company is pleased to announce our final dividend of 1.75 cents per share, fully franked, which will be paid on 5 October 2006. This brings the full year dividend to 2.75 cents per share, fully franked. On the share price at 30 June 2006 of 47 cents, this represents a dividend yield of 5.9%.

Income Statement for the year ended 30 June 2006

	Notes	**2006 $000**	2005 $000
Revenue	1	**70,716**	58,582
Changes in inventories of finished goods and work in progress		**885**	116
Raw materials and consumables used		**(29,618)**	(23,363)
Employee benefits expense		**(21,173)**	(17,668)
Depreciation and amortisation	1	**(2,312)**	(1,658)
Impairment of plant and equipment	9,10	**(1,895)**	-
Occupancy costs		**(2,000)**	(1,708)
Other expenses		**(6,054)**	(4,694)
Profit before tax and finance costs		**8,549**	9,607
Finance costs	1	**(2,084)**	(2,017)
Profit before income tax		**6,465**	7,590
Income tax expense	2	**(1,964)**	(2,272)
Net profit for the period attributable to members of Colorpak Limited	14	**4,501**	5,318
Earnings per share (cents per share)			
- Basic and diluted for profit for the year attributable to ordinary equity holders of the company	3	**5.59**	6.84
Dividends per share (cents per share)	4	**2.75**	2.50

Balance Sheet as at 30 June 2006

	Note	2006 $000	2005 $000
ASSETS			
Current Assets			
Cash and cash equivalents	5	**2**	2
Trade and other receivables	6	**13,772**	10,900
Inventories	7	**7,202**	5,152
Income tax receivable		**167**	-
Prepayments	8	**889**	1,148
Total Current Assets		**22,032**	17,202
Non-current Assets			
Property, plant and equipment	9	**25,083**	19,561
Goodwill	10	**46,134**	46,134
Deferred income tax assets	2	**269**	663
Total Non-current Assets		**71,486**	66,358
TOTAL ASSETS		**93,518**	83,560
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**10,830**	5,976
Interest-bearing loans and borrowings	12	**3,147**	3,860
Income tax payable		**-**	1,337
Provisions	13	**1,773**	2,500
Total Current Liabilities		**15,750**	13,673
Non-current Liabilities			
Interest-bearing loans and borrowings	12	**28,885**	23,642
Provisions	13	**963**	880
Total Non-current Liabilities		**29,848**	24,522
TOTAL LIABILITIES		**45,598**	38,195
NET ASSETS		**47,920**	45,365
EQUITY			
Contributed equity	14	**38,861**	38,861
Retained profits		**8,993**	6,504
Reserves		**66**	-
TOTAL EQUITY		**47,920**	45,365

Cash Flow Statement for the year ended 30 June 2006

	Note	**2006 $000 Inflows/(Outflows)**	2005 $000 Inflows/(Outflows)
Cash flows from operating activities			
Receipts from customers		**74,747**	63,552
Payments to suppliers and employees		**(66,041)**	(52,312)
Interest received	1	**17**	46
Income taxes paid		**(3,106)**	(1,466)
Borrowing costs		**(2,208)**	(1,942)
Net cash flows from ordinary activities	5	**3,409**	7,878
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**215**	29
Purchase of property, plant and equipment (*)		**(6,142)**	(3,761)
Purchase of business, net of cash acquired		**-**	(2,243)
Payment of acquisition costs		**-**	(351)
Net cash flows used in investing activities		**(5,927)**	(6,326)
Cash flows from financing activities			
Proceeds from borrowings		**7,500**	2,500
Payment of share issue costs	14	**-**	1
Repayment of finance lease principal		**(649)**	(1,737)
Repayment of borrowings		**(2,400)**	(1,500)
Payment of dividends		**(2,012)**	(805)
Net cash flows used in financing activities		**2,439**	(1,541)
Net increase / (decrease) in cash and cash equivalents held		**(79)**	11
Cash and cash equivalents at the beginning of the year		**(809)**	(820)
Cash and cash equivalents at the end of the year	5	**(888)**	(809)

(*) Purchase of property, plant and equipment in 2006 excludes $3.748 million paid in July 2006, being the final payment for a printing press that commenced operations in late June 2006, such amount being included in Other Payables at 30 June 2006. Purchase of property, plant and equipment in 2005 included $501 thousand of deposits against equipment that was received in the 2006 financial year, such amounts being included in Prepayments at 30 June 2005.

Statement of Changes in Equity
for the year ended 30 June 2006

	Attributable to equity holders of the company			
	Issued capital $000	Retained earnings $000	Cash flow hedge reserve $000	Total equity $000
At 1 July 2004	36,860	1,991	-	38,851
Profit for the period	-	5,318	-	5,318
Total income / expense for the period	-	5,318	-	5,318
Issued capital during period	2,000	-	-	2,000
Issue costs	1	-	-	1
Equity dividends	-	(805)	-	(805)
At 30 June 2005	**38,861**	**6,504**	**-**	**45,365**
At 1 July 2005	38,861	6,504	-	45,365
Cash flow hedges:				
Gains / (losses) taken to equity	-	-	94	94
Deferred tax on gains / (losses)	-	-	(28)	(28)
Total income and expense for the period recognised directly in equity	-	-	66	66
Profit for the period	-	4,501	-	4,501
Total income / expense for the period	-	4,501	66	4,567
Equity dividends	-	(2,012)	-	(2,012)
At 30 June 2006	**38,861**	**8,993**	**66**	**47,920**

	Note	2006 $000	2005 $000

1. REVENUES & 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

	Note	2006 $000	2005 $000
Sale of goods and services		**68,566**	58,258
Interest from unrelated persons		**17**	46
Other revenue		**2,133**	278
		70,716	58,582

Other revenue includes $1.842 million of insurance proceeds, of which $1.818 million remains in other receivables at 30 June 2006 (refer note 6(ii)).

(ii) Expenses

	Note	2006 $000	2005 $000
Finance costs			
Interest paid or payable to unrelated persons		**2,195**	1,827
Finance charges payable under finance leases and hire purchase		**31**	91
Total finance costs (on historical cost basis)		**2,226**	1,918
Fair value change on interest rate swaps		**(142)**	99
Total finance costs expensed		**2,084**	2,017
Impairment of plant and equipment:			
Fire damaged die-cutter		**1,320**	-
De-commissioned equipment – flexibles division		**509**	-
Other impairment losses		**66**	-
	9	**1,895**	-
Other Expenses includes:			
Doubtful debts		**80**	-
Restructure costs		**827**	-

During the year the company relocated its NSW carton operations to new premises at Regents Park. In addition, the company relocated certain warehouse operations in Victoria to new purpose built premises adjacent to the main operations in Braeside. Plans have also been implemented to relocate the flexibles business at Seven Hills to the new Regents Park facility from early in the 2007 financial year. The costs associated with these initiatives, which are one-off by their nature, have been categorised as restructure costs.

	Note	2006 $000	2005 $000
Employee Benefits Expense includes:			
Superannuation		**1,248**	1,048
Senior executive incentive plan		**-**	407

	Note	2006 $000	2005 $000

2. INCOME TAX

The major components of income tax expense are:

Income Statement

	2006 $000	2005 $000
Current income tax		
Current income tax charge	**1,599**	1,819
Adjustments in respect of current income tax of previous years	**(1)**	2
Deferred income tax		
Relating to origination and reversal of temporary differences	**365**	451
Income tax expense reported in the income statement	**1,963**	2,272

Statement of changes in equity

	2006 $000	2005 $000
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of cash flow hedges	**(28)**	-
Income tax expense reported in equity	**(28)**	-

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:

	2006 $000	2005 $000
Accounting profit before income tax	**6,465**	7,591
Tax expense at the company's statutory income tax rate (30%)	**1,939**	2,277
- Adjustments in respect of current income tax of previous years	**(1)**	2
- Expenditure not allowable for income tax purposes	**25**	28
- Other	**-**	(35)
Income tax expense reported in the income statement	**1,963**	2,272

2. INCOME TAX (continued)

Deferred Income Tax

Deferred income tax at 30 June relates to:

	Balance sheet		Income statement	
	2006 $000	2005 $000	**2006 $000**	2005 $000
Deferred income tax assets				
Doubtful debts	**24**	-	**(24)**	-
Inventory provisions	**38**	34	**(4)**	22
Employee benefits	**762**	684	**(78)**	(69)
Float costs	**182**	273	**91**	89
Accruals	**152**	108	**(44)**	18
Acquisition costs	**51**	73	**22**	(12)
Interest swaps (held for trading)	**-**	38	**-**	29
Gross deferred income tax assets	**1,209**	1,210		
Deferred income tax liabilities				
Accelerated depreciation for tax purposes	**699**	547	**152**	374
Balancing charge rollover	**208**	-	**208**	-
Interest swaps (held for trading)	**5**	-	**42**	-
Interest swaps (cash flow hedges)	**28**	-	**-**	-
Gross deferred income tax liabilities	**940**	547		
Deferred income tax charge			**365**	451

3. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2006	2005
Basic and diluted earnings per share (cents per share)	**5.59**	6.84
Weighted average number of ordinary shares used in the calculation of basic and dilutive earnings	**80,476,828**	79,098,406
Net profit used in the calculation of basic and diluted earnings per share ($000)	**4,501**	5,318

Subscription or issues after 30 June 2006

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

	Note	2006 $000	2005 $000

4. DIVIDENDS PAID AND PROPOSED

Declared and paid during the year:

	Note	**2006 $000**	2005 $000
Dividends on ordinary shares:			
Final franked dividend for 2005: 1.50 cents (2004: nil)		**1,207**	-
Interim franked dividend for 2006: 1.00 cents (2005:1.0 cents)		**805**	805
		2,012	805

Proposed for approval at AGM (not recognised as a liability as at 30 June):

	Note	**2006 $000**	2005 $000
Dividends on ordinary shares:			
Final franked dividend for 2006: 1.75 cents (2005: 1.5 cents)		**1,408**	1,207

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

	Note	**2006 $000**	2005 $000
• franking account balance as at the end of the financial year at 30% (2005: 30%)		**3,365**	662
• franking credits that will arise / be lost from the payment / (receipt) of income tax payable / receivable as at the end of the financial year		**(71)**	1,342
Amount of franking credits available for future reporting periods		**3,294**	2,004
• 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		**(1,408)**	(517)
		1,886	1,487

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 2006, the company had available $11.110 million (2005: $11.689 million) of undrawn committed borrowings facilities in respect of which conditions precedent had been met.

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

	Note	**2006 $000**	2005 $000
Cash on hand		**2**	2
Bank overdraft	15	**(890)**	(811)
Closing cash balance		**(888)**	(809)

5. CASH AND CASH EQUIVALENTS (continued)

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

	Note	2006 $000	2005 $000
Net profit		**4,501**	5,318
Adjustments for non-cash items:			
Depreciation of non-current assets		**2,311**	1,658
Impairment of non-current assets		**1,895**	-
Net loss on disposal of plant & equipment		**56**	6
Changes in assets and liabilities (net of effects from purchase of business):			
Decrease/(Increase) in assets:			
Trade and other receivables		**(2,872)**	(1,155)
Inventories		**(2,049)**	(420)
Prepayments (*)		**242**	(163)
Deferred income tax assets		**366**	392
(Decrease)/Increase in liabilities:			
Trade & other payables		**128**	1,136
Provisions		**(646)**	652
Other liabilities (**)		**980**	39
Income tax payable		**(1,503)**	415
Net cash from operating activities		**3,409**	7,878

(*) The movement in prepayments includes $109 thousand net movement on property, plant & equipment (2005: $501 thousand), in addition to $94 thousand interest swaps taken directly to reserves.

(**) The movement in other liabilities excludes $3.748 million payable in July 2006 on a new printing press (see Cash Flow Statement for further details).

Disclosure of financing facilities - refer to note 12.

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

	Note	2006 $000	2005 $000

6. TRADE AND OTHER RECEIVABLES (current)

	Note	2006 $000	2005 $000
Trade receivables	(i)	**11,778**	10,653
Allowance for doubtful debts	(i)	**(80)**	-
		11,698	10,653
Interest swaps – held for trading		**94**	-
Interest swaps – cash flow hedges		**16**	-
Other receivables	(ii)	**1,964**	247
Total current receivables		**13,772**	10,900

(i) Trade receivables are non-interest bearing and generally on 30 or 60 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An allowance of $80 thousand has been recognised as an expense for the current year for specific debtors for which such evidence exists. The amount of the allowance / 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.

(ii) Other receivables are non-interest bearing and generally on 30 day terms from their due date. Other receivables includes $1.818 million of insurance proceeds recoverable against a fire damaged die-cutting machine and $110 thousand (2005: Nil) fair value of interest rate swaps.

7. INVENTORIES (Current)

	2006 $000	2005 $000
At cost:		
Raw materials and stores	**3,718**	2,541
Work in progress	**1,178**	1,274
Finished goods	**2,432**	1,451
	7,328	5,266
Less, provision for obsolescence	**(126)**	(114)
Total inventories at the lower of cost and net realisable value	**7,202**	5,152

Inventory write-downs recognised as an expense totalled $157 thousand (2005: $93 thousand). This expense is included in the Other Expenses line item of the income statement.

8. PREPAYMENTS

	2006 $000	2005 $000
Prepayments	**497**	647
Deposits on plant & equipment	**392**	501
Total prepayments	**889**	1,148

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improve. $000	Computers & Office Equipment $000	Motor Vehicles $000	Plant & Equipment $000	Furniture, Fixtures & Fittings $000	Total $000
Year Ended 30 June 2006						
At 1 July 2005,						
Net of accumulated depreciation	107	444	658	18,281	71	19,561
Additions	154	232	213	9,380	23	10,002
Disposals	(4)	(7)	(227)	(34)	(2)	(274)
Impairment	-	-	-	(1,895)	-	(1,895)
Depreciation charge for the year	(41)	(183)	(140)	(1,937)	(10)	(2,311)
Reclassification	61	-	-	(61)	-	-
At 30 June 2006,	277	486	504	23,734	82	25,083
Net of accumulated depreciation						
At 1 July 2005						
Cost or fair value	158	750	857	20,175	79	22,019
Accumulated depreciation and impairment	(51)	(306)	(199)	(1,894)	(8)	(2,458)
Net carrying amount	107	444	658	18,281	71	19,561
At 30 June 2006						
Cost or fair value	333	959	767	29,383	100	31,542
Accumulated depreciation and impairment	(56)	(473)	(262)	(5,650)	(18)	(6,459)
Net carrying amount	277	486	505	23,733	82	25,083
Year Ended 30 June 2005						
At 1 July 2004,						
Net of accumulated depreciation	144	486	635	13,903	64	15,232
Assets acquired	-	18	22	2,761	-	2,801
Acquisition fair value adjustment	(20)	(7)	-	(59)	-	(86)
Additions	3	144	164	2,.983	12	3,306
Disposals	-	-	(25)	(11)	-	(36)
Impairment	-	-	-	-	-	-
Depreciation charge for the year	(20)	(197)	(138)	(1,296)	(5)	(1,656)
At 30 June 2005,						
Net of accumulated depreciation	107	444	658	18,281	71	19,561
At 1 July 2004						
Cost or fair value	155	588	698	14,443	67	15,951
Accumulated depreciation and impairment	(11)	(102)	(63)	(540)	(3)	(719)
Net carrying amount	144	486	635	13,903	64	15,232
At 30 June 2005						
Cost or fair value	158	750	857	20,175	79	22,019
Accumulated depreciation and impairment	(51)	(306)	(199)	(1,894)	(8)	(2,458)
Net carrying amount	107	444	658	18,281	71	19,561

	Note	2006 $000	2005 $000

9. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Acquisition fair value adjustments have been taken to goodwill.

(ii) 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.

(iii) The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2006 is $37 thousand (2005: $1.421 million). Additions during the year include nil (2005: $46 thousand) of plant and equipment held under finance leases and hire purchase contracts. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Impairment of property, plant and equipment

The company incurred impairment losses during the year, details of which are set-out in note 1(a)(ii).

10. GOODWILL (NON-CURRENT)

	2006 $000	2005 $000
Goodwill		
Cost (gross carrying amount)	**46,134**	46,134
Accumulated amortisation and impairment	**-**	-
Net carrying amount	**46,134**	46,134
At 1 July 2005, net of accumulated amortisation and impairment	**46,134**	45,609
Acquisition of business	**-**	439
Acquisition fair value adjustment	**-**	86
Impairment	**-**	-
At 30 June 2006, net of accumulated amortisation and impairment	**46,134**	46,134

No impairment loss existed for the 2006 financial year.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to a single cash generating unit for impairment testing because any allocation to location operations would be considered arbitrary. The company manages its operations at the group level, and business units actively cross-refer customers, which sees consequential profits which are not separately identifiable carried amongst the business units.

The recoverable amount of the cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management for the following year.

The discount rate applied to cash flow projections is 11.9% (2005: 9.6%) and cash flows beyond the five year period are extrapolated using a 2.5% growth rate (2005:2.5%).

10. GOODWILL (NON-CURRENT) (continued)

Key assumptions used in value in use calculations for 30 June 2006 and 30 June 2005

The following describes each key assumption on which management has based its cash flow projections when determining the value in use:

- Budgeted gross margins - the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements as well as known factors impacting the following year.
- Capital expenditure beyond year 1 is projected to be equivalent to annual depreciation.
- Bond rates – the yield on a five year government bond rate at the beginning of the budgeted year is used.

11. TRADE AND OTHER PAYABLES (Current)

	Note	**2006 $000**	2005 $000
Unsecured liabilities			
Trade payables	(i)	**5,136**	5,009
Interest swaps – held for trading		**-**	126
Other payables	(ii)	**5,694**	841
Total trade and other payables		**10,830**	5,976

(i) Trade payables are non-interest bearing and are normally settled on 30 day terms.

(ii) Other payables are non-interest bearing and have an average term of between 3 and 6 months. Other payables includes $3.748 million payable in July 2006 on a printing press and Nil (2005: $126 thousand) of fair value of interest rate swaps.

12. INTEREST BEARING LOANS AND BORROWINGS

	Note	**2006 $000**	2005 $000
Current			
Secured liabilities			
Bank overdraft	(i)	**890**	811
Bank loan	(ii)	**2,250**	2,400
Obligations under finance leases and hire purchase contracts	(iii)	**7**	649
Total current interest bearing liabilities		**3,147**	3,860
Non-current			
Secured liabilities			
Bank Loans	(ii)	**28,850**	23,600
Obligations under finance leases and hire purchase contracts	(iii)	**35**	42
Total non-current interest bearing liabilities		**28,885**	23,642

(i) Bank overdraft is provided under a $3 million facility expiring on 31 March 2007. The interest rate applicable at 30 June 2006 was 10.60% (2005: 10.35%) plus a line fee of 0.40% on the limit.

12. INTEREST BEARING LOANS AND BORROWINGS (continued)

(ii) Bank loans are provided under two separate facilities with the company's banks, with an aggregate facility limit of $37.1 million at 30 June 2006. $19.1 million of these facilities expire, unless extended, on 31 March 2008. The balance of the facilities ($18 million) expire, unless extended, in 30 November 2009. Agreed amortisation of the loan facilities total $2.25 million, in the 2007 financial year. The average interest rate payable at 30 June 2006 on the fixed and floating bills under the two facilities was 7.15% (2005: 7.16%).

(iii) The hire purchase liability has a remaining term of 2 years. The average implicit interest rate is 6.69% (2005: 6.58%). In addition to the outstanding hire purchase liability at 30 June 2006, the company has a leasing facility limit of $3 million expiring unless extended, in 30 November 2006.

(iv) All interest-bearing liabilities, other than a hire purchase liability of $42 thousand at 30 June 2006, are secured by a fixed and floating charge over the company's assets.

Financing facilities available

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

2006	**Accessible**	**Drawn down**	**Unused**
	$000	**$000**	**$000**
Hire purchase and leasing finance	**3,042**	**42**	**3,000**
Bank bills	**37,100**	**31,100**	**6,000**
Overdraft	**3,000**	**890**	**2,110**
Guarantees	**800**	**283**	**517**

2005	Accessible	Drawn down	Unused
	$000	$000	$000
Hire purchase and leasing finance	693	693	-
Bank bills	35,500	26,000	9,500
Overdraft	3,000	811	2,189
Guarantees	283	283	-

Security & Conditions

The facilities are secured by debenture security administered by National Australia Trustees Limited (see note 12(ii)).

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

- an interest cover covenant;
- a leverage covenant; and
- maintenance of a minimum level of shareholder funds.

Facility Review

These facilities are provided by both National Australia Bank Limited (NAB) and ANZ Banking Group Limited. Subject to annual review for each facility, the NAB facility expires on 31 March 2008 and the ANZ facility on 30 November 2009, unless otherwise extended.

13. PROVISIONS

	Note	2006 $000	2005 $000
Current			
Employee leave benefits		**1,578**	50
Provision for indemnity	(i)	**-**	2,450
Restructure provision	(ii)	**195**	-
Total current provisions		**1,773**	2,500
Non-current			
Employee leave benefits		**963**	52
Provision for indemnity	(i)	**-**	828
Total non-current provisions		**963**	880

(i) Throughout the 2005 financial year, the services of all employees located at the Braeside, Dandenong and Erskineville locations (but excluding the non-executive directors and employees at the Seven Hills location) were provided under "Services / Outsourcing Agreements" with Carton Services Pty Ltd as trustee for the Walter Commins Family Trust and Hotfoil Services Pty Ltd as trustee for the Foilmasters Trust (the "Service Entities"). The employees provided by the Service Entities worked exclusively for the benefit of the company during the term of the agreements. The trusts did not earn a profit from the provision of these services.

These Services / Outsourcing Agreements were terminated during the first quarter of the 2006 financial year, whereupon all employees and their entitlements were transferred to the company. Pursuant to the Services Agreements, the company indemnified the Service Entities (in their capacity as trustees of their respective trusts) in relation to all employee obligations/liabilities, with the disclosure of such obligations/liabilities being termed "Provision for indemnity". In the comparatives throughout this Annual Report, and for the period in this financial year up until the date of termination of the relevant Services / Outsourcing Agreement, employees were treated as if they were employed by the company, notwithstanding that legal relationship did not exist at that time.

(ii) The company has announced its decision to restructure the flexibles division at Seven Hills and to co-locate that division into the new Regents Park facility. Expected costs of this move have been taken up as a provision at 30 June 2006.

14. CONTRIBUTED EQUITY AND RESERVES

This note should be read in conjunction with the Statement of Changes in Equity shown on page 26 of this Annual Report.

(a) Issued and paid-up capital:

	2006 $000	2005 $000
Ordinary shares	**38,861**	38,861
Total contributed equity	**38,861**	38,861

Effective 1 July 1998, 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.

14. CONTRIBUTED EQUITY AND RESERVES (continued)

(b) Movements in ordinary shares on issue:

	No of Ordinary Shares	$000
At 1 July 2004	77,188,436	36,860
Issued during the period (i)	3,288,392	2,000
Less, issue costs	-	1
At 1 July 2005	80,476,828	38,861
Issued during the period	-	-
At 30 June 2006	80,476,828	38,861

(i) on 1 December 2004, 3,288,392 ordinary shares were issued as part consideration in acquiring the Castle Graphics business. The value placed on the issue was the published share price of the company's shares on the day that the company gained control.

(c) Shares under Escrow

As at 30 June 2006, a total of nil (2005: 25,532,436) ordinary shares were subject to voluntary escrow.

(d) Terms and Conditions of Contributed Equity

Ordinary Shares

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

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

(e) Nature and Purpose of Reserves

Cash flow hedge reserve

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

15. COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

At 30 June 2006 the company has commitments contracted for but not recognised as liabilities of $4.243 million (2005: $3.973 million) principally in relation to two die-cutters and equipment associated with the new premises at Regents Park in Sydney. The 2006 commitments include $1.842 million in respect to a die-cutter to replace the one at Braeside that was destroyed by fire in March 2006. Subject to deduction for the relevant insurance excess, this commitment will be met by the company's insurance policy. These commitments are all due within one year.

(b) Hire purchase commitments

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

	2006		2005	
	Minimum Lease Payments $000	Present Value of Lease Payments $000	Minimum Lease Payments $000	Present Value of Lease Payments $000
Within one year	12	7	680	649
After one year but not more than five years	38	35	50	42
Total minimum lease payments	50		730	
Less amounts representing finance charges	(8)		(39)	
Present value of minimum lease payments	42	42	691	691

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

(c) Operating lease commitments

The company has entered into operating leases as a means of acquiring access to warehouse and office space. 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:

	2006 $000	**2005 $000**
– not later than one year	**1,591**	839
– later than one year but not later than five years	**4,771**	1,464
– later than five years	**4,165**	-
Aggregate lease expenditure contracted for at reporting date	**10,527**	2,303

15. COMMITMENTS AND CONTINGENCIES (continued)

(d) Remuneration commitments

	2006 $000	2005 $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	**822**	798
– after one year but not later than five years	**1,790**	399
– longer than five years	**-**	-
Aggregate remuneration commitments contracted for at reporting date	**2,612**	1,197

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of directors and executives referred to in note 25 that are not recognised as liabilities and are not included in the directors' or executives' remuneration.

(e) Guarantees and Indemnities

The company has the following guarantees at 30 June 2006:

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

Bank guarantees under premises leases total $283,000 (2005: $283,000).

(f) Claim against supplier

The company has lodged a claim against a supplier for $54,000 in respect to business interruption caused by faulty equipment. At the date of this report this claim has not been settled. No amount has been taken up in the financial report.

16. EVENTS AFTER THE BALANCE SHEET DATE

Since 30 June 2006 the following events have occurred:

- the flexibles packaging business at Seven Hills is in the process of being relocated during August 2006 to the company's site at Regents Park.
- a Roland 706D Printing Press and a Bobst 106LER die-cutter were commissioned at the company's Regents Park site in July 2006.