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 2010	Period ended 30 June 2009

Results for announcement to the market				**AUD'000s**
Revenues from ordinary activities	up / ~~down~~	2.6 %	to	80,819
Profit from ordinary activities after tax attributable to members	up / ~~down~~	14.1 %	to	6,413
Net profit for the period attributable to members	up / ~~down~~	14.1 %	to	6,413

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

For further explanations, see commentary on results below.

	Amount per security	Franked amount per security
Final dividend	1.75 cents	1.75 cents
Special Dividend	1.00 cents	1.00 cents
Interim dividend	1.50 cents	1.50 cents
Record date for determining entitlements to the final and special dividends	9 September 2010	
Dividend reinvestment plan	not applicable	
	2010	2009
Net tangible assets per security	17.6 cents	12.6 cents

Commentary on Results:
See separate report below

Audit Statement:
This report is based on the 2010 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 lost during the year	Nil
Details of associates	Nil
Details of joint venture entities	Nil
Annual General meeting will be held at:	
Place:	The Westin, 205 Collins Street Melbourne Vic 3000
Date:	Friday, 22 October 2010
Time:	11.00 am

Commentary on Results

Financial Performance

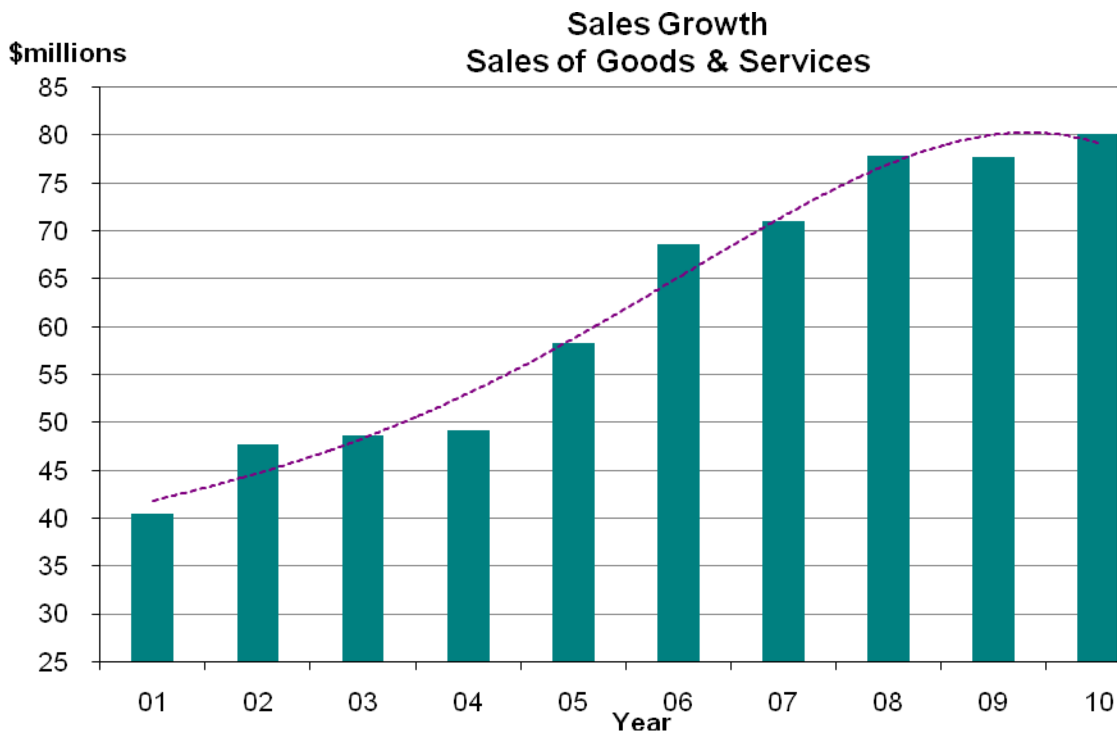
The company achieved a record NPAT of $6.413 million for 2009/10 which was up 14.1% from $5.620 million in the prior year. Earnings per share amounted to 7.90 cents per share which was 13.8% up from 6.94 cents per share in the previous year as a consequence of the higher NPAT and offset slightly by a higher number of weighted shares on issue for the current year compared to the previous year.

Revenue from sale of goods amounted to $80.164 million, an increase of 3.2% on the previous year. This increase came from a combination of solid sales growth from existing customers in the Pharmaceutical, Beverage and fast moving consumer goods sectors. This sales increase whilst modest is pleasing given the fact we lost a major cosmetics carton contract offshore valued at $1.9 million pa during this year due to the closure of their local manufacture operation.

The improved NPAT was a result of increased revenues together with improved factory efficiencies across most areas of the business. Employee benefit expense reduced by 0.8% to 29.5% (on revenues from sale of goods), raw material cost of sales reduced by 0.3% to 40.0% and other indirect manufacturing costs reduced by 0.7% to 6.9%.

Management's delivery of the strong financial performance for the company has achieved all of the established milestones for the senior executive incentive plan and an amount of $0.574 million has been included in the result for the year in respect of this plan.

Compound sales growth over the last 10 years has averaged 11.8% pa. Colorpak's revenue history, incorporating revenues from the Colorpak and Foilmasters' predecessor businesses, is set out in the following table:



The market has been apprised of the preliminary status of the AstraZeneca account in the company's 18 December 2009 announcement. AstraZeneca has now advised the company that they intend to close their Australian operations by the end of the 2012 calendar year. AstraZeneca's decision may impact on Colorpak's results from 2012 however it remains too early to accurately predict the effect and the company considers there is ample time to secure replacement business.

Cash Flow

Cash generation from operations for the year saw a strong inflow of $8.977 million, with net working capital well controlled with an increase of $0.797 million on increased revenues. Pleasingly, overdue debtors reduced by $0.331 million.

The company had a relatively modest year on capital expenditure which was only $1.2 million for the year, meeting the February 2010 outlook of less than $1.5 million for the year. The main item of expenditure for the year was a near new 8 colour, narrow web, flexo press, being the key item acquired in the acquisition of the Remedies print business on 20 April 2010. Net capital expenditure in 2011 is expected to be in the order of $4 million. The majority of this capex will be put towards an increase in Colorpak's product offering which will help drive additional sales and profit growth.

The company over achieved its planned debt reduction with net debt at 30 June 2010 amounting to $22.7 million. Gearing, as measured by net debt / net debt+equity has fallen to 27.3% and continues to hit new record lows. Colorpak maintains adequate cash reserves and undrawn bank credit limits to meet foreseeable needs.

Operating Activities

Despite a much lower capex investment during the year, several smaller items that were purchased in the finishing area of the business have led to strong contributions in line packing efficiency from increased machine speeds and reduced labour costs. Internally driven initiatives of this nature have been key contributors to our increased profit result.

Our strong focus on consistent quality and service has seen us maintain very strong KPI's with our customers. These underpin our long term customer relationships. In order that we remain a "value for money" supplier to our customers, we have managed rising input costs by offsetting much of these against changes in process or material substitution.

Environmental focus remains a key part of our daily mantra and our committees make consistent in-roads through the reduction of our in-process wastes, ensuring that we can recycle, re-use or responsibly dispose of this manufacturing bi-product. These systems are of course formally supported by our Environmental Certification - ISO 14001 which we achieved in December 2008.

We have commenced a program of rolling out introductory "Six Sigma" training across all of our line supervisory staff. Six Sigma techniques promote appropriate decision making based on measured data, reduced process variations, increased production capability and delivering new products to market effectively. Through Six Sigma we intend to continue building a culture of working smarter to solve problems and think laterally.

In May of this year, a small delegation was sent to the IPEX exhibition in the United Kingdom. Research was carried out at the expo in relation to emerging trends and latest opportunities in world class machinery. A number of European plant tours were also undertaken which are invaluable opportunities to gain insights into best practice behaviours in other developed countries.

On 20 April 2010, the company acquired, for $0.400 million, the Remedies printing business which included all of the operating assets and the customer base of that business. The business has been integrated with Colorpak's flexibles division and has been relocated to our Regents Park facility. A near new 8 colour, narrow web, flexo press will provide Colorpak with the benefit of greater speed and flexibility as well as enabling us to produce a broader range of flexible materials. The acquisition will also contribute additional revenues of $1 million to $2 million pa to our flexibles operation.

Shareholder Returns

The company has delivered the following returns to shareholders:

	Notes	**2010**	2009	2008	2007	2006
Basic earnings per share (cents)		**7.90**	6.94	7.72	6.28	5.59
Return on assets (%)		**6.6**	5.8	6.2	5.2	4.8
Return on equity (%)		**11.2**	10.5	12.0	10.4	9.9
Gearing (debt / debt+equity) (%)		**27.3**	33.0	34.9	39.3	40.1
Dividend payout ratio (%)	1.	**53.8**	43.3	51.8	43.8	49.2
Total shareholder return (%)	2.	**22.5**	(6.4)	(7.4)	14.8	(22.7)
Available franking credits ($000)		**5,941**	4,971	3,978	3,520	3,365

1. Includes the proposed final and special dividends payable in October.
2. Includes dividends paid during the year only (excludes the final and special dividends). Based on the share price of $0.46 at 30 June 2010.

Asset and Capital Structure

	2010 $000	2009 $000
Debt:		
Interest bearing loans and borrowings	22,750	27,500
Cash and cash equivalents	(37)	315
Net debt	22,713	27,815
Total equity	60,449	56,347
Total capital employed	83,162	84,162
Gearing (Debt / Debt+Equity)	27.3%	33.0%

The company's balance sheet continues to strengthen as a consequence of its earnings performance and strong cash flows. The company does not have a firm established policy however a long term gearing range of 25% - 50% is considered appropriate. The Board has introduced a capital management initiative with the announcement of a 1.0 cent per share special dividend in conjunction with the final dividend for the year.

Aggregate debt has steadily reduced during the year and net debt has reduced by $5.102 million, consistent with the company's declared focus on debt retirement.

Treasury

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

	2010 $000	2009 $000
Current		
Bank overdraft	-	318
	-	318
Non-current		
Bank loans – secured by debenture security	22,750	27,500
	22,750	27,500
	22,750	27,818

The company had $12.1 million in cash and immediately drawable overdraft and bill facilities at 30 June 2010. There are no debt repayment requirements before May 2012, at which time those facilities are expected to be renewed. The company continues to generate steady cash and the company's capacity to create business development opportunities continues to improve.

83.5% of the company's drawn debt was fixed at 30 June 2010 with a relatively even reduction in fixed debt exposures across the years 2012 to 2014. The company 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 company's facilities are modern and efficient and the capital investment program since listing has substantially lifted capacity. There will be further investment to support opportunities that exist in ancillary product offerings to the carton business. Taking this into account, capital expenditures in 2011 are expected to be around $4 million and over the following few years are expected to align fairly closely with the annual depreciation charge.

Outlook

In the current economic environment and market conditions, the company expects modest growth in sales and profitability for the 2011 financial year. Cash flows from operations are expected to continue to be robust, further strengthening the company's Balance Sheet and enabling planned and opportunistic growth options to be considered.

Dividend

The company is pleased to announce a final dividend of 1.75 cents per share, fully franked, which will be paid on 5 October 2010. In addition, the company is also pleased to announce a special dividend of 1.00 cents per share, fully franked, which will also be paid on 5 October 2010. This special dividend is in recognition of the company's strong financial performance for the year.

This brings the full year dividend for 2010 to 4.25 cents per share, fully franked. Whilst the dividend payout ratio is 53.8%, this level of dividend related to the share price at 30 June 2010 of 46.0 cents provides a dividend yield of 9.2%, fully franked.

Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	2010 $000	2009 $000
Revenue	1	**80,819**	78,764
Other income		**-**	-
Changes in inventories of finished goods and work in progress		**(98)**	723
Raw materials and consumables used		**(31,948)**	(32,051)
Employee benefits expense	1	**(23,675)**	(23,594)
Depreciation and amortisation		**(2,965)**	(3,005)
Impairment of plant and equipment	9	**-**	26
Other indirect manufacturing costs		**(5,523)**	(5,888)
Occupancy costs		**(2,699)**	(2,513)
Other expenses		**(2,314)**	(1,989)
Profit before tax and finance costs		**11,597**	10,473
Finance costs	1	**(2,455)**	(2,467)
Profit before income tax		**9,142**	8,006
Income tax expense	2	**(2,729)**	(2,386)
Net profit for the period		**6,413**	5,620
Other comprehensive income			
Cash flow hedges			
Gain / (loss) taken to equity		467	(1,937)
Income tax expense on items of other comprehensive		(140)	581
Other comprehensive income for the period, net of tax		327	(1,356)
Total comprehensive income for the period		**6,740**	4,264
Earnings per share (cents per share)			
- Basic and diluted on profit for the year attributable to ordinary equity holders of the company	3	**7.90**	6.94

Statement of Financial Position as at 30 June 2010

	Note	2010 $000	2009 $000
ASSETS			
Current Assets			
Cash and cash equivalents	5	**37**	3
Trade and other receivables	6	**12,580**	11,702
Inventories	7	**10,248**	8,830
Other current assets	8	**596**	684
Total Current Assets		**23,461**	21,219
Non-current Assets			
Property, plant and equipment	9	**27,855**	29,655
Goodwill	10	**46,134**	46,134
Total Non-current Assets		**73,989**	75,789
TOTAL ASSETS		**97,450**	97,008
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**8,620**	7,620
Interest-bearing loans and borrowings	12	**-**	318
Income tax payable		**799**	455
Provisions	13	**1,713**	1,637
Derivative financial instruments	15	**-**	165
Total Current Liabilities		**11,123**	10,195
Non-current Liabilities			
Interest-bearing loans and borrowings	12	**22,750**	27,500
Deferred income tax liabilities	2	**1,398**	965
Provisions	13	**931**	900
Derivative financial instruments	15	**799**	1,101
Total Non-current Liabilities		**25,878**	30,466
TOTAL LIABILITIES		**37,001**	40,661
NET ASSETS		**60,449**	56,347
EQUITY			
Contributed equity	14	**39,214**	39,214
Retained profits		**21,794**	18,019
Reserves		**(559)**	(886)
TOTAL EQUITY		**60,449**	56,347

Statement of Cash Flow for the year ended 30 June 2010

	Note	**2010 $000 Inflows/(Outflows)**	2009 $000 Inflows/(Outflows)
Cash flows from operating activities			
Receipts from customers		**88,096**	88,477
Payments to suppliers and employees		**(75,767)**	(73,698)
Interest received	1	**23**	24
Income taxes paid		**(1,042)**	(2,377)
Borrowing costs		**(2,333)**	(2,377)
Net cash flows from operating activities	5	**8,977**	10,049
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**42**	49
Purchase of property, plant and equipment (*)		**(1,279)**	(5,571)
Net cash flows used in investing activities		**(1,237)**	(5,522)
Cash flows from financing activities			
Repayment of finance lease principal		**-**	(1,943)
Repayment of borrowings		**(4,750)**	(1,500)
Payment of dividends	4	**(2,638)**	(2,875)
Net cash flows used in financing activities		**(7,388)**	(6,318)
Net (decrease) / increase in cash and cash equivalents held		**352**	(1,791)
Cash and cash equivalents at the beginning of the year		**(315)**	1,476
Cash and cash equivalents at the end of the year	5	**37**	(315)

(*) Purchase of property, plant & equipment includes the acquisition of the Remedies printing business on 20 April 2010 for $400k, with the full acquisition value allocated to the cost of an 8 colour, narrow web, flexo press owned by the Remedies business.

Statement of Changes in Equity
for the year ended 30 June 2010

	Attributable to equity holders of the company			
	Contributed equity $000	Retained profits $000	Cash flow hedge reserve $000	Total equity $000
At 1 July 2009	**39,214**	**18,019**	**(886)**	**56,347**
Profit for the period	**-**	**6,413**	**-**	**6,413**
Other comprehensive income	**-**	**-**	**327**	**327**
Total comprehensive income for the period	**-**	**6,413**	**327**	**6,740**
Equity dividends	**-**	**(2,638)**	**-**	**(2,638)**
At 30 June 2010	**39,214**	**21,794**	**(559)**	**60,449**
At 1 July 2008	38,861	15,627	470	54,958
Profit for the period	-	5,620	-	5,620
Other comprehensive income	-	-	(1,356)	(1,356)
Total comprehensive income for the period, net of tax	-	5,620	(1,356)	4,264
Issued capital during the period	353	-	-	353
Equity dividends	-	(3,228)	-	(3,228)
At 30 June 2009	39,214	18,019	(886)	56,347

1. REVENUES & EXPENSES

	Note	**2010 $000**	2009 $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			
Sale of goods and services		**80,164**	77,664
Interest from unrelated persons		**23**	24
Other revenue		**632**	1,076
		80,819	78,764
(ii) Expenses			
Finance costs			
Interest paid or payable to unrelated persons		**2,443**	2,371
Finance charges payable under finance leases and hire purchase contracts		**12**	96
Total finance costs		**2,455**	2,467
Fair value change on interest rate swaps	19	**-**	-
Total finance costs expensed		**2,455**	2,467
Impairment of plant and equipment:			
Other impairment losses	13	**-**	-
Reversal prior period impairment loss on asset disposal		**-**	(26)
		-	(26)
Lease payments included in income statement			
Minimum lease payments – operating leases		**1,907**	1,837
Other expenses includes:			
Doubtful debts		**69**	169
Employee benefits expense includes:			
Superannuation		**1,605**	1,587
Senior executive incentive plan		**574**	59

2. INCOME TAX

The major components of income tax expense are:

Income Statement

	2010 $000	2009 $000
Current income tax		
Current income tax charge	**2,468**	1,712
Adjustments in respect of current income tax of previous years	**(33)**	(1)
Deferred income tax		
Relating to origination and reversal of temporary differences	**294**	674
Income tax expense reported in the income statement	**2,729**	2,385

Statement of changes in equity

Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of cash flow hedges	**140**	(581)
Income tax expense reported in equity	**140**	(581)

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 before income tax	**9,142**	8,006
Tax expense at the company's statutory income tax rate (30%)	**2,742**	2,401
- Adjustments in respect of current income tax of previous years	**(33)**	(1)
- Investment allowance	**(14)**	(41)
- Expenditure not allowable for income tax purposes	**34**	26
Income tax expense reported in the income statement	**2,729**	2,385

2. INCOME TAX (continued)

Deferred Income Tax

Deferred income tax at 30 June relates to:

	Balance sheet		Income statement	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000
Deferred income tax assets				
Doubtful debts	**18**	47	**(29)**	45
Inventory provisions	**43**	33	**9**	(11)
Employee benefits	**793**	761	**32**	(105)
Accruals	**69**	104	**(35)**	(144)
Acquisition costs	**-**	-	**-**	(7)
Restructure costs	**34**	44	**(10)**	(16)
Gross deferred income tax assets	**957**	989		
Deferred income tax liabilities				
Accelerated depreciation for tax purposes	**2,595**	2,334	**(261)**	(436)
Interest swaps (held for trading)	**-**	-	**-**	-
Interest swaps (cash flow hedges)	**(240)**	(380)	**-**	-
Gross deferred income tax liabilities	**2,355**	1,954		
Deferred income tax charge			**(294)**	(674)
Net deferred tax liabilities	**1,398**	965		

3. EARNINGS PER SHARE

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

	2010	2009
Basic and diluted earnings per share (cents per share)	**7.90**	6.94
Weighted average number of ordinary shares used in the calculation of basic and dilutive earnings	**81,155,151**	80,974,884
Net profit used in the calculation of basic and diluted earnings per share ($000)	**6,413**	5,620

Subscription or issues after 30 June 2010

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

	Note	2010 $000	2009 $000
(a) Recognised amounts			
Declared and paid during the year:			
Dividends on ordinary shares:			
Final franked dividend for 2009: 1.75 cents (2008: 1.75 cents)		**1,420**	1,408
Special franked dividend for 2010: nil cents (2009: 1.00 cents)		**-**	805
Interim franked dividend for 2010: 1.50 cents (2009:1.25 cents)		**1,218**	1,014
		2,638	3,227
(b) Unrecognised amounts:			
Dividends on ordinary shares:			
Final franked dividend for 2010: 1.75 cents (2009: 1.75 cents)		**1,420**	1,420
Special franked dividend for 2010: 1.00 cents (2009: nil cents)		**812**	-
		2,232	1,420
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% (2009: 30%)		**5,941**	4,971
• franking credits that will arise / be lost from the payment / (receipt) of income tax payable / receivable as at the end of the financial year		**790**	455
Amount of franking credits available for future reporting periods		**6,731**	5,426
• 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		**(956)**	(609)
		5,775	4,817

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 2010, the company had available $12.124 million (2009: $10.323 million) of cash and undrawn committed borrowing facilities in respect of which conditions precedent had been met.

Reconciliation to Cash Flow Statement

	Note	2010 $000	2009 $000
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:			
Cash on hand		**3**	3
Cash at bank – with overdraft facility	16	**34**	(318)
Closing cash balance		**37**	(315)

5. CASH AND CASH EQUIVALENTS (continued)

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

Net profit	**6,413**	5,620
Adjustments for non-cash items:		
Depreciation of non-current assets	**2,965**	3,004
Impairment of non-current assets	**-**	(26)
Net (profit) / loss on disposal of plant & equipment	**62**	4
Changes in assets and liabilities:		
Decrease/(Increase) in assets:		
Trade and other receivables	**(878)**	2,013
Inventories	**(1,419)**	734
Prepayments [(1)]	**96**	134
Derivative financial instruments [(2)]	**-**	-
(Decrease)/Increase in liabilities:		
Trade payables	**956**	(1,156)
Provisions	**108**	(350)
Other payables	**45**	63
Income tax payable	**336**	(665)
Deferred income tax liabilities	**293**	674
Net cash from operating activities	**8,977**	10,049

(1) The movement in prepayments excludes $0.010 million net movement on property, plant & equipment (2009: $0.156 million).

(2) The movement in Derivative Financial Instruments excludes $0.467million (2009: $1.937 million) interest swaps 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	2010 $000	2009 $000
Trade receivables		**12,079**	11,473
Allowance for impairment loss	(a)	**(60)**	(158)
		12,019	11,315
Other receivables		**561**	387
Total current receivables		**12,580**	11,702

(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. An impairment loss of $0.060 million (2009: $0.158 million) 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:

	2010	2009
At 1 July	**158**	8
Charge for the year	**69**	169
Amounts written-off (included in Other Expenses)	**(167)**	(19)
At 30 June	**60**	158

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

		2010	2009
0 – 30 days		**6,811**	6,794
31 – 60 days		**2,391**	1,362
31 – 60 days	Past due not impaired	**1,910**	2,672
61 – 90 days	Past due not impaired	**565**	323
90+ days	Past due not impaired	**336**	147
90+ days	Considered impaired	**66**	175
At 30 June		**12,079**	11,473

Receivables past due but not considered impaired are $2.811 million (2009: $3.142 million). Payment terms on these amounts have not been re-negotiated although credit has been stopped until full payment is made in limited instances. The company 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)

	2010 $000	2009 $000
At cost:		
Raw materials and stores	**5,715**	4,167
Work in progress	**1,154**	1,604
Finished goods	**3,522**	3,171
	10,591	8,942
Less, provision for impairment loss	**(143)**	(112)
Total inventories at the lower of cost and net realisable value	**10,248**	8,830

8. OTHER CURRENT ASSETS

	2010 $000	2009 $000
Prepayments	**544**	642
Deposits on plant & equipment	**52**	42
Total prepayments	**596**	684

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements $000	Computers & Office Equipment $000	Motor Vehicles $000	Plant & Equipment $000	Furniture, Fixtures & Fittings $000	Total $000
Year Ended 30 June 2010						
At 1 July 2009, net of accumulated depreciation and impairment	**245**	**988**	**81**	**28,184**	**157**	**29,655**
Additions	**9**	**205**	**13**	**1,037**	**5**	**1,269**
Disposals	**-**	**(35)**	**-**	**(66)**	**(3)**	**(104)**
Impairment	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the year	**(43)**	**(370)**	**(19)**	**(2,510)**	**(23)**	**(2,965)**
At 30 June 2010,						
Net of accumulated depreciation	**211**	**788**	**75**	**26,645**	**136**	**27,855**
At 1 July 2009						
Cost	442	2,264	244	38,905	218	42,073
Accumulated depreciation and impairment	(197)	(1,276)	(163)	(10,721)	(61)	(12,418)
Net carrying amount	245	988	81	28,184	157	29,655
At 30 June 2010						
Cost	**451**	**1,953**	**257**	**39,750**	**219**	**42,630**
Accumulated depreciation and impairment	**(240)**	**(1,165)**	**(182)**	**(13,105)**	**(83)**	**(14,775)**
Net carrying amount	**211**	**788**	**75**	**26,645**	**136**	**27,855**
Year Ended 30 June 2009						
At 1 July 2008, net of accumulated depreciation and impairment	264	706	104	25,744	142	26,960
Additions	30	687	20	4,947	42	5,726
Disposals	-	-	(19)	(33)	-	(52)
Impairment	-	-	-	26	-	26
Depreciation charge for the year	(49)	(405)	(24)	(2,500)	(27)	(3,005)
At 30 June 2009,						
Net of accumulated depreciation	245	988	81	28,184	157	29,655
At 1 July 2008						
Cost	412	1,576	278	34,119	177	36,562
Accumulated depreciation and impairment	(148)	(870)	(174)	(8,375)	(35)	(9,602)
Net carrying amount	264	706	104	25,744	142	26,960
At 30 June 2009						
Cost	442	2,264	244	38,905	218	42,073
Accumulated depreciation and impairment	(197)	(1,276)	(163)	(10,721)	(61)	(12,418)
Net carrying amount	245	988	81	28,184	157	29,655

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 16). 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 2010 is nil (2009: nil). Additions during the year include nil (2009: 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 company did not incur any impairment losses during the year.

10. GOODWILL (NON-CURRENT)

	2010 $000	2009 $000
Goodwill		
Cost (gross carrying amount)	**46,134**	46,134
Impairment losses	**-**	-
Net carrying amount	**46,134**	46,134
At 1 July, net of impairment losses	**46,134**	46,134
Impairment	**-**	-
At 30 June, net of impairment losses	**46,134**	46,134

No impairment loss existed for the 2010 financial year.

11. TRADE AND OTHER PAYABLES (Current)

	2010 $000	2009 $000
Unsecured liabilities		
Trade payables	**5,243**	4,287
Other payables	**3,377**	3,333
Total trade and other payables	**8,620**	7,620

(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	**2010 $000**	2009 $000
Current			
Secured liabilities			
Bank overdraft	(i)	**-**	318
Bank loan	(ii), (iv)	**-**	-
Obligations under finance leases and hire purchase contracts	(iii), 21(b)	**-**	-
Total current interest bearing liabilities		**-**	318
Non-current			
Secured liabilities			
Bank loans	(ii), (iv)	**22,750**	27,500
Obligations under finance leases and hire purchase contracts	(iii), 21(b)	**-**	-
Total non-current interest bearing liabilities		**22,750**	27,500

(i) Bank overdraft is provided under a $3 million facility expiring on 31 May 2011. The interest rate applicable at 30 June 2010 was 10.98% (2009: 11.38%) plus a line fee of 0.40% on the limit.

(ii) Bank loans are provided under a facility with the National Australia Bank Limited, with an aggregate facility limit of $31.85 million at 30 June 2010 (2009: $31.85 million). This facility expires, unless extended, on 31 May 2012. There is no ongoing repayment requirement on the loan facilities and it is the company's intention to extend this facility upon expiry. The average interest rate payable at 30 June 2010 on the fixed and floating bills under this facility was 8.65% (2009: 8.41%).

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

(a) Fair values

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

The company has potential financial liabilities which may arise from certain contingencies disclosed in note 21. 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 company. No material losses are expected and as such, the fair values disclosed are the directors estimate of amounts that will be payable by the company.

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:

	2010 $000	2009 $000
Current		
Floating Charge		
Cash and cash equivalents	**37**	3
Receivables	**12,580**	11,702
Inventories	**10,249**	8,830
Prepayments	**596**	682
Total current assets pledged as security	**23,462**	21,217
Non-current		
Floating charge		
Plant and equipment	**27,855**	29,655
Goodwill	**46,134**	46,134
Total non-current assets pledged as security	**73,989**	75,789
Total assets pledged as security	**97,451**	97,006

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

For a number of years the company has adopted a two bank policy. Following a favourable negotiation with National Australia Bank Limited, the company consolidated its facilities with that bank and at the same time reduced the overall accessible limits by $6 million in recognition of the improved debt position.

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

30 June 2010	**Accessible**	**Drawn down**	**Unused**
	$000	**$000**	**$000**
Hire purchase and leasing finance	**-**	**-**	**-**
Bank bills	**31,850**	**22,750**	**9,100**
Overdraft	**3,000**	**-**	**3,000**
Bank guarantees	**800**	**761**	**39**

30 June 2009	Accessible	Drawn down	Unused
	$000	$000	$000
Hire purchase and leasing finance	-	-	-
Bank bills	31,850	27,500	4,350
Overdraft	3,000	318	2,682
Bank guarantees	800	761	39

Security & Conditions

The facilities are secured by debenture security administered by National Australia Trustees Limited (see note 13(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 National Australia Bank Limited. Subject to annual review and unless otherwise extended, the bank bill facility expires on 31 May 2012 and the other bank facilities expire on 31 May 3011.

13. PROVISIONS

	2010 $000	2009 $000
Current		
Employee leave benefits	**1,713**	1,637
Total current provisions	**1,713**	1,637
Non-current		
Employee leave benefits	**931**	900
Total non-current provisions	**931**	900

14. CONTRIBUTED EQUITY AND RESERVES

This note should be read in conjunction with the Statement of Changes in Equity shown on page 10 of this Appendix 4E.

	2010 $000	2009 $000
(a) Issued and paid-up capital:		
Ordinary shares	**39,214**	39,214
Total contributed equity	**39,214**	39,214

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 the year. During the preceding year, the company issued 498,056 ordinary shares on 6 October 2008 at 52 cents per share pursuant to the company's dividend re-investment plan.

(c) Shares under escrow

As at 30 June 2010, 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.

(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.

14. CONTRIBUTED EQUITY AND RESERVES (continued)

(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 2010, the company paid dividends of $2.637 million (2009: $3.228 million), of which $2.637 million (2009: $2.875 million) was satisfied in cash and nil (2009: $0.353 million) 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 / total capital). The target for the company's gearing ratio is between 25% to 50%. The gearing ratios at 30 June 2010 and 30 June 2009 were as follows:

	2010	2009
	$000	$000
Interest bearing loans and borrowings	**22,750**	27,500
Cash and cash equivalents	**(37)**	315
Net debt	**22,713**	27,815
Total equity	**60,449**	56,347
Total capital employed	**83,162**	84,162
Gearing (debt / debt+equity)	**27.3%**	33.0%

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

15. DERIVATIVE FINANCIAL INSTRUMENTS

	2010	2009
	$000	$000
Current liabilities		
Interest rate swap contracts – cash flow hedges	**-**	165
	-	165
Non-current liabilities		
Interest rate swap contracts – cash flow hedges	**799**	1,101
	799	1,101

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Instruments used by the company

Derivative financial instruments are used by the company 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 company currently bear a variable interest rate of 4.77%. In order to protect against rising interest rates the company has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps in place cover approximately 84% (2009: 95%) of the principal outstanding and are timed to expire at selected dates over the next 4 years, with the earliest expiry being June 2012. The fixed interest rates range between 5.7% and 7.6% (2009: 5.9% and 7.6%) and the comparable variable rate based on the 90 day bank bill rate at balance date was 4.8% (2009: 3.2%). In addition, a margin over the bill and fixed rates are payable to the banks.

At 30 June 2010, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows

	2010 $000	2009 $000
0 – 1 years	**-**	7,000
1 – 2 years	**4,500**	7,000
2 – 3 years	**7,500**	4,500
3 – 5 years	**7,000**	7,500
5+ years	**-**	-
	19,000	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 re-classified into profit and loss when the interest expense is recognised.

Movement in cash flow hedge reserve

	2010 $000	2009 $000
Opening balance	**(886)**	470
Transferred to interest expense	**-**	-
Charged to Equity	**327**	(1,356)
Closing balance	**(559)**	(886)

The company has entered into interest rate swap contracts that are timed to expire at selected dates over the next 4 years, with the earliest expiry being June 2012. The interest rates relevant to these swaps are set out above under the heading, *interest rate swaps - cash flow hedges*.

Variable interest rates on bank bills have increased since the height of the global financial crisis, leading to an improvement in the fair value of the company's interest swaps and resulting in a $0.327 million lift in the value of the reserve held at 30 June 2010.

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 company'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 $0.799 million (2009: $1.266 million).

16. COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

At 30 June 2010 the company has commitments contracted for but not recognised as liabilities of $nil (2009: nil).

(b) Hire purchase commitments

At 30 June 2010 the company has commitments contracted for but not recognised as liabilities future minimum lease payments under hire purchase contracts of $nil (2009: nil).

(c) Operating lease commitments

The company 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:

	2010 **$000**	2009 $000
– not later than one year	**1,961**	1,815
– later than one year but not later than five years	**5,044**	6,288
– later than five years	**1,681**	1,595
Aggregate operating lease expenditure contracted for at reporting date	**8,686**	9,698

16. COMMITMENTS AND CONTINGENCIES (continued)

(d) Remuneration commitments

	2010 $000	2009 $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	**921**	320
– after one year but not later than five years	**820**	-
Aggregate remuneration commitments contracted for at reporting date	**1,741**	320

Amounts disclosed as remuneration commitments include commitments arising from director and executive service contracts referred to in note 25 that are not recognised as liabilities and are not included in the directors' or executives' remuneration. The contracts for Mr A. Commins and Mr H. Commins expire on 31 August 2012 and the contract for Mr P. Commins expires on 31 August 2011.

(e) Guarantees and Indemnities

The company has the following guarantees at 30 June 2010:

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 $0.762 million (2009: $0.762 million).

17. BUSINESS COMBINATIONS

On 20 April 2010, the company acquired the Remedies printing business in Silverwater, NSW for a cash consideration of $0.400 million to the administrator of that business.

The acquisition included all of the operating assets and the uncontracted customer base of the print business. No customer contracts were acquired and with the business having previously lost money, there was no goodwill to be recorded. The full purchase price was allocated to a near new 8 colour, narrow web, flexo press.

The Remedies business has been relocated to our Regents Park facility and has been fully incorporated into the company's flexibles division and separate sales and profit recording for the Remedies business does not occur. Revenues of between $1 to $2 million pa are expected from this business.

18 EVENTS AFTER THE BALANCE SHEET DATE

The company placed orders totalling $2.572 million for various capital items subsequent to 30 June 2010.

Apart from the capital items referred to above, there have been no significant events subsequent to 30 June 2010.