



**Chairman's Address
Annual General Meeting
22nd October 2010**

The year ended 30th June 2010 was another successful year for Colorpak, and as you will hear in some details from the Managing Director, more success is in prospect for 2011. It is very pleasing to report that Colorpak produced consistently sound results throughout the year. Cash flow was strong and we finished the year with a financial position that has enabled us to consider the important and substantial acquisition of Carter Holt Harvey's (CHH) folding carton business in Australia and New Zealand. This is testament to the resilient nature of the Colorpak business and the prudent approach adopted by the company.

The 2010 Annual Report has colour. I am very pleased to report that none of the red ink was used in the financial statements. Rather, we chose this theme to bring to your attention the vibrancy there is around the marketing (and therefore packaging) of fast moving consumer goods and the freshness that new technologies are bringing to classical industrial functions. Colorpak is at home in this world with its on line acceptance of artwork from our customers and agencies all the way through to graphical presentation of our safety statistics to the Board.

Now turning to the highlights for the year:

- * 2010 was a record year for the company.
- * Sales for the 2010 year reached a new record level of \$80 million.
- * Profit after tax was up 14% on the previous year to a record \$6.4 million and the financial position improved with \$5.2 million reduction of debt.
- * Earnings per share amounted to a record level of 7.90 cents per share.
- * Ordinary dividends in respect of 2010 increased to 3.25 cents per share, and a special dividend of 1.00 cents per share, our highest payment to date and all fully franked. The special dividend transfers some of our growing bank of franking credits to share holders.

Certainly a very pleasing outcome financially and all of this was achieved in what were still very testing economic conditions.

It has been a consistent theme of ours for some time now that Australia's manufacturing base is still under pressure as multi-national owners are prone to see other countries as better places to do business. In 2010 we were notified of such threats with some important customers.

Clearly, the year's results have been underpinned by the company's market leadership position and the efficiency of its two world class manufacturing facilities. Later in the meeting our Managing Director Alex Commins will provide more detail on both these elements, and how they will feature in our integration plan. Before that I will provide further commentary on the financial position and the governance framework being meticulously followed by the Company.

Financial Position

The company's financial strategy for the 2010 year was again one of careful cash flow management and debt reduction. With net debt reduced to \$22.7 million. This strategy has proven to be prudent and has set up the opportunity to use our existing balance sheet strength to take on the CHH assets. The company continues to operate well within the prudential guidelines agreed in relation to those borrowings. Working capital continues to be well managed and internal capital investment needs will be modest in the near term as some of the industry's excess capacity will be absorbed in the consolidation of the CHH business and our own.

Executive Remuneration

Later in the meeting I will call for an informal vote on the Remuneration Report which sets out in considerable detail the scale and structure of remuneration for the senior executives of the company.

In advance of that process I will provide some introductory remarks.

Colorpak, like all soundly managed companies, seeks to develop and retain key executives through an appropriate reward system. The Board's Nomination and Remuneration Committee considers and assesses the reward system with the aim of designing a system which will deliver increased shareholder value.

This company has been run by a senior executive team, each of whom carries discrete and substantial responsibility. The base salaries appropriately reflect these responsibilities. Additionally, each can be rewarded with a short-term incentive should the Company reach pre-determined targets set by the Board to deliver improved shareholder returns. As you will be aware, in a year of

record profitability, those results were largely met in 2010 and incentives have been paid accordingly.

As I have reported before, the senior management is a stable group of capable and experienced executives and the company has been well served by them over the past few years. The company's executives have actively encouraged the development of the next line of managers which will now be tested.

With the greater breadths of activities, the MD is developing, a more conventional organisational structure to manage the expanded business. Key roles will be undertaken by our existing team and new managers will be welcomed. All of these matters are carefully overseen by the Board.

Corporate Governance

The work of the Board and its connection with the management team is soundly anchored by the full adoption of the Corporate Governance principles set out by the ASX Corporate Governance Council. Page 16-20 of the Annual Report provides a fulsome coverage of the company's compliance and manner in which we discharge our responsibilities.

Safe for one to say, the Company considers that its commitment to ethical practices and strict adherence to corporate governance guidelines is an attribute which builds that trust and strengthens in all relationships, whether they be with shareholders, bank, customers, staff or anyone who trades with the company.

I can assure you that the work of the Board has been considerable over the past year and we are expecting a similar level of closeness with the management team in the year ahead. To that end we have formed a special purpose committee of the Board to oversee the integration of the CHH business into our own. Having said that, let me be clear. The Board will be steering, and Alex and the management team will be running, that integration.

On that note, it is my pleasure to invite Mr Alex Commins, Managing Director of Colorpak Limited, to address the meeting.

Colorpak Limited

October 2010





2010 Year Highlights



2010 Year – Highlights

Operations

Sales Revenues

- 3.2% sales growth despite loss offshore of \$1.8 million
- Major customers on contracts
- Beverage sector going well
- Pipeline healthy with PharmaKit opportunities

Profit

- EBITDA margin 18.2%.
- EBITDA 8.0% up on last year.
- NPAT 14.1% up on last year.

Capex program:

- Capex restraint with only \$1.2 mill spent in year
– lowest since listing;

2010 Year – Highlights

Dividends

- Total Dividend of 2.75 cents, fully franked (Final of 1.75 cents + Special of 1.00 cents).

Paid on 5 October 2010.

Balance Sheet

- Reduction in gearing (debt/debt+equity), from 33.1% last year to 27.3%.

Acquisitions

- Remedies print business in NSW in April 2010 with expected contribution of \$1 mill to \$2 mill revenue pa.



Market Reputation

Consistently ranked as one of the industry's top suppliers by BIS Shrapnel for :

- Reliable delivery;
- Competitive price/value for money;
- Ability to respond to customer needs;
- Consistent quality and machinability;
- Response time for urgent orders.



CHH Acquisition



CHH Acquisition

- Heads of Agreement signed to acquire Carter Holt Harvey's (CHH) folding carton operations in Australia and New Zealand
- Transaction is subject to ACCC approval and detailed due diligence – completion expected in late 2010 or early 2011
- Net consideration of A\$5 million for operating assets and assumption of certain liabilities
- Significant acquisition which will enhance Colorpak's business
 - Compelling strategic rationale
 - Unique opportunity to take a leading role in the folding cartons sector
 - Opportunity for synergies
 - Attractive acquisition metrics
- Expected to be earnings per share (EPS) accretive, based on cost synergies alone in the first full year (FY 2012) following acquisition (on a normalised basis)



CHH Acquisition

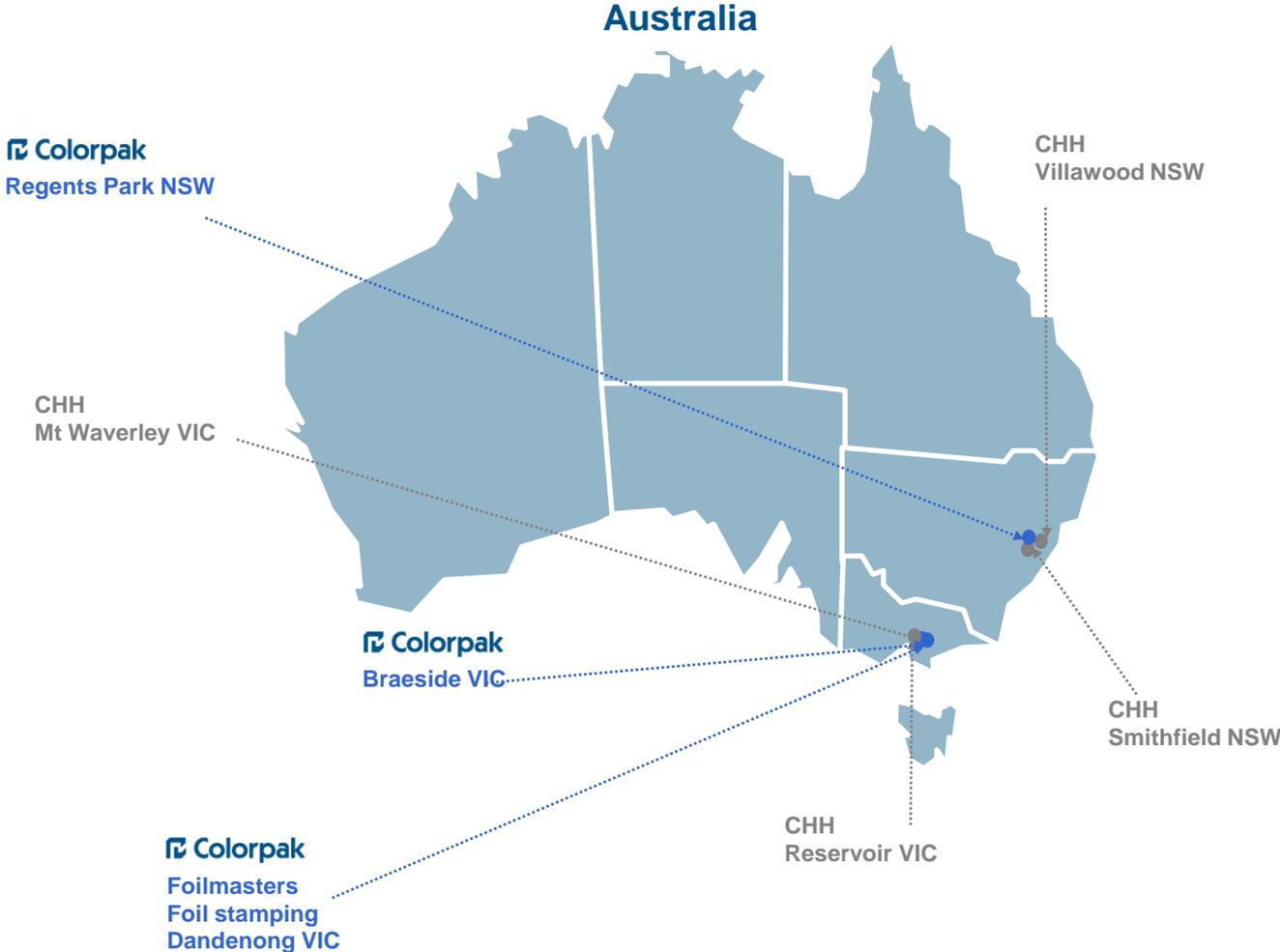
- Acquisition, transaction and any subsequent consolidation costs to be funded from a combination of existing cash balances, ongoing operating cash flow and an increase in debt facilities
- No current plans for any equity capital raisings associated with the transaction
- Gearing expected to remain well within bank covenants
- Additional capital expenditure requirements expected to be minimal
- Increase revenue from A\$80 million to approximately A\$250 million per annum
- Increase annual EBITDA to approximately A\$16.5 million, before costs and other synergies

CHH owns one of the leading folding carton board businesses in Australia and New Zealand

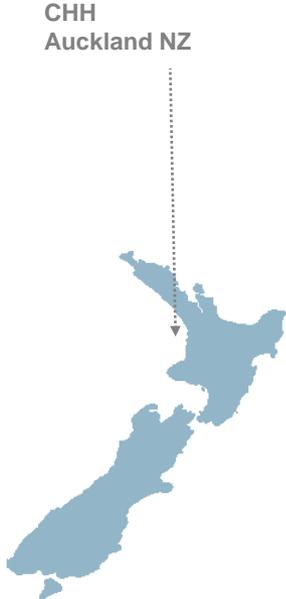
- 5 plants and 658 employees
- Operations in Melbourne, Sydney and Auckland
- Provides products and services to customers throughout Australia and New Zealand
- For the year to 31 December 2009
 - sales of \$170 million
 - EBITDA of approximately \$4 million¹
 - net operating assets in excess of \$70 million
- Acquisition includes the Montage solutions centre which provides pre-press, and structural design services to the trade as well as CHH carton and corrugated businesses

(1) Measured on the basis of CHH's folding carton board business first full year contribution to EBITDA under Colorpak's ownership

Colorpak and CHH overview



New Zealand





Strategic rationale

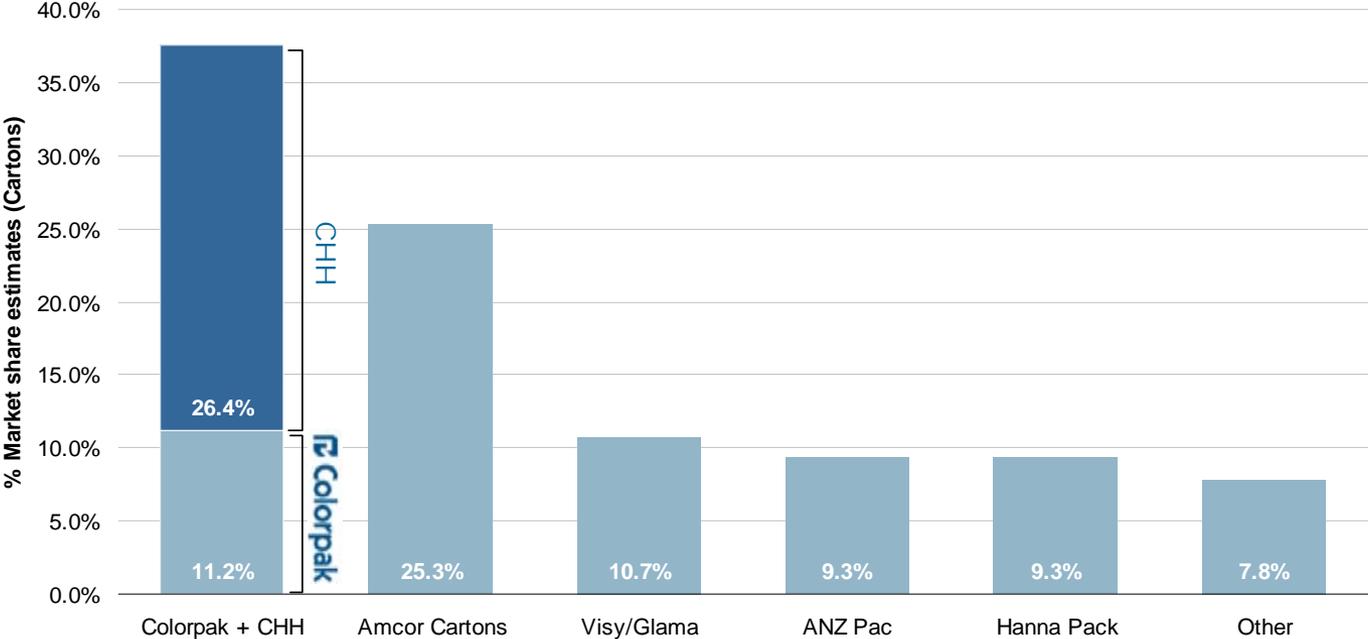
- Ability to extend the customer offering to a full range of products and services throughout both Australia and New Zealand
- Enhanced manufacturing capabilities and flexibility through the increase in scale of operations and range of equipment available
- Overhead cost reductions, procurement cost savings and improved operational efficiencies as well as product and customer service benefits from the consolidation of operations
- Increased relevance to suppliers as a result of the increased size and scale of its folding carton converting business in Australia
- Broader customer base



Conditions

- Proposal is subject to various conditions precedent
 - Completion of confirmatory due diligence
 - Australian Competition & Consumer Commission approval
 - Negotiation of detailed transaction documents
- Currently in the process of extending financing facilities
- Expect to complete the transaction in late calendar 2010 or early 2011

Industry structure



Based on BIS Shrapnel estimates of folding carton market (\$620 million p.a.) and not including substituted materials or fully packed imported products



Colorpak has been actively acquiring and integrating packaging businesses for the past 12 years...



1998	Foilmasters (Victoria)
2000	Hale Foldpack (New South Wales)
2001	Pemara Packaging (Victoria)
2004	Castle Graphics (New South Wales)
2010	Remedies printing business (New South Wales)



Summary

- Significant acquisition which will enhance Colorpak's business
 - Compelling strategic rationale
 - Unique opportunity to take a leading role in the folding cartons sector
 - Opportunity for synergies
 - Attractive acquisition metrics with EPS accretion in the first full year following ownership (on a normalised basis)
- Enables Colorpak to service clients with a broader product and service offering across the whole of Australia and New Zealand



Outlook

- At the end of the first quarter Colorpak's financial performance from trading is largely in line with the pcp.
- Financial performance for the full year will be impacted by inclusion of the CHH business and costs of a once-off nature to conclude the transaction and commence integration activities. Until detailed DD is complete and ACCC clearance is granted we are unable to provide exact guidance.
- The acquisition, once completed, is expected to be earnings per share (EPS) accretive, based on cost synergies alone in the first full year (FY 2012) following acquisition (on a normalised basis)

Colorpak Limited

Thank you





CEO'S ADDRESS – ANNUAL GENERAL MEETING – 22nd OCTOBER 2010

Ladies & Gentlemen,

Thank you for coming in today. It's great to see you all.

SLIDE 3

This morning I'd like to take you through some of the 2010 highlights with the logical starting point being Sales.

Sales for the year finished at an historic company high of \$80.2 mill.

Our customer base remains stable with strong customer satisfaction and established contracts still underpinning the bulk of our major accounts.

Our profit result was particularly pleasing with our NPAT coming in at a new company high of \$6.4 million, some 14% up on the previous year, and our EBITDA margins at a healthy 18.2%.

We had previously indicated to the market that 2010 would be a light year on capital expenditure and to that extent, we delivered with only \$1.2 million being spent on capital items through the year.

Our fleet of machinery remains in great shape and are vigilantly maintained.

SLIDE 4

Our strong profit and a large accumulation of franking credits available saw us pay a final dividend of 1.75 cents once again, along with a 1.00 cent special dividend to reward shareholders for the solid year we experienced. The total dividend of 2.75 cents per share (including the special dividend) was of course fully franked.

Our balance sheet is at its strongest point since listing in 2004, with net debt at \$22 million and gearing measured (debt/debt+equity) at 27.3%.

April 2010 saw us make one small acquisition, being the Remedies Print business. This purchase at \$450,000 bought us a new 8 colour narrow web flexo press and approximately \$1 mill to \$2 mill of additional revenues to our Flexibles division. It will further broaden our product offering into the specialised Foods and Sachets markets.

SLIDE 5

BIS Shrapnel conducts an annual survey into the performance of suppliers in the folding carton industry. The carton buying public ranks each participant according to their performance. The key measures that customers assess suppliers on, in order of importance to them, are:

1. Reliable delivery
2. Competitive price/value for money
3. Ability to respond to customers' needs
4. Consistent quality/machineability
5. Response time for urgent orders

Colorpak has been consistently ranked as one of the top industry performers for the past 10 years.

These five KPI's remain our daily focus. All decisions taken in the business are premised on their likelihood of enabling us to continue to hit these targets.

SLIDES 7 and 8

On Monday 11th October, Colorpak announced it had signed a Heads of Agreement to acquire Carter Holt Harvey's (CHH) folding carton operations in Australia and New Zealand.

The transaction is conditional upon ACCC approval, and we are in the process of conducting formal due diligence.

Upon the successful completion of those 2 matters, we expect a deal to be completed late this year or early 2011.

The negotiated price agreed between the parties is \$5 mill which covers all of the operating assets and assumption of certain liabilities of the business.

Obviously a lot of work has gone in behind the scenes to get to this point. Management are of the view that this will be a company changing event.

The compelling rationale behind the acquisition is a unique opportunity for Colorpak to take a leading role in the folding carton sector, thereby generating a number of synergies which provide some attractive acquisition metrics.

Our modeling indicates that in the first full year following acquisition, in 2012, on a normalised basis, we expect this transaction to be earnings accretive on cost synergies alone.

We expect to be able to fund this acquisition out of our existing cash flows and an increase in our debt facilities with our bank, and at this stage there are no plans to raise any equity from the market to fund this transaction

Our modeling has been undertaken on a reasonably conservative basis and we expect to stay well within our banking covenants in terms of our gearing.

Our high level due diligence has indicated that capex in the first couple of years would be modest. This assumption is in the process of being interrogated as part of the detailed due diligence task.

This transaction will see Colorpak triple its current sales turnover from \$80 million to approximately \$250 million.

The market segments in which we will be represented will be much the same as we currently service: FMCG, Pharmaceutical, Cosmetics, Food, Confectionery. A new sector for us, will be the fast food industry.

The notional EBIDTA for the combined entity will be in the vicinity of \$16.5 mill pa before costs and other synergies.

SLIDE 9

To give you an overview as to the shape of the CHH folding cartons operations in Australia and New Zealand. Currently they are running 5 operations, 2 in NSW, 2 in Vic and 1 in Auckland, employing some 658 employees.

Essentially, they are providing products and services to most industries in Australia and New Zealand that require folding cartons, and for the year ended 31 December 2009, the CHH group recorded sales of around \$A170 million, with EBIDTA of approximately \$4 mill. Their net operating assets are in excess of \$70 million.

Included in the acquisition is also the business of Montage Solutions Centre which provides pre-press and design services internally to its own divisions, as well as being a trade supplier.

SLIDE 10

The following slide is a geographical representation of CHH's site locations together with an the overlay of the existing Australian operations of Colorpak. As you can see, following the acquisition we will have 3 operating facilities in Victoria, 3 in NSW and 1 in Auckland.

We will also have the Foilmasters foil stamping division which currently operates out of Dandenong.

No slide

HEADS OF AGREEMENT

The signed heads of agreement specifies:

- Colorpak will acquire the assets and certain liabilities of CHH's folding carton business, including Montage Graphics.
- Colorpak to be supplied with folding carton board for the business's current customers for a minimum of two years.
- Colorpak to offer existing CHH staff employment with Colorpak on no less favourable terms and assume all related liabilities.
- CHH to continue to provide corporate service functions until they are transitioned to Colorpak.
- CHH not to compete against Colorpak in the folding carton market for four years, subject to certain exclusions.
- CHH to deal exclusively with Colorpak in relation to the sale of its business until earlier of Colorpak withdrawing from discussions on 1st February 2011.

SLIDE 11

STRATEGIC RATIONALE

What is the basis of the strategic rationale behind this deal?.

Essentially, it provides Colorpak with the ability to extend our offer to a fuller range of products and services in both the Australian and New Zealand markets. Importantly, it will provide exposure, for the first time, to the New Zealand market.

It will enhance our manufacturing capability and flexibility. We will have many more operating activities at our disposal and a larger range of equipment. We will aim to drive cost efficiencies and overhead reductions through better procurement, better workflow and operational efficiencies, and the ability to extend better product and customer services from the consolidated operations.

We believe that we will have an increased relevance to not only our customer base, but also our suppliers, as a result of the increased size and scale of this converting business within Australia.

In recent years, we have seen the slight reduction in the overall market, or at best a stagnation of the market size in the Australian folding carton market, due largely to the advent of globalization. We see that the broader customer base and sheer critical mass of this organisation will provide us with a good degree of immunity from the impacts of this global trend as opposed to standing still.

SLIDE 12

Before this transaction can proceed, there are a number of conditions that need to be met:

- ACCC Approval – the submission has been made, and they are currently conducting their market soundings.
- Due Diligence Process – we need to confirm that there are no surprises underpinning the transaction. There are detailed transaction documents which we need to agree and sign before proceeding.
- Our bank has had a look at our modelling and we are in the process of extending our financing facilities with them in a collaborative way as we absorb more information from the due diligence process.

Subject to all those conditions being met, we expect that the transaction will be completed in late 2010 or early 2011.

SLIDE 13

According to BIS Schrapnel, the folding carton industry in Australia is worth approximately \$620 mill pa.

Once this deal proceeds, the graph shows you that the combined Colorpak/CHH business will go to an industry leadership position with a little under 38% market share, followed by Amcor cartons with around 25% market share, and a number of other players holding 10% or less.

SLIDE 14

For a little over a decade now, the Colopak organisation has been on a trail of actively acquiring and integrating businesses.

These transactions come about following a disciplined identification process and dialogue with potential targets, and after considerable thought in relation to the strategic fit and long term benefits of each acquisition.

As can be seen from this chart, we have managed to acquire 5 businesses in the last 12 years. The latest one that is currently on the agenda represents by far the largest and most challenging acquisition up to this point.

SLIDE 15

Whilst the CHH acquisition represents a great challenge for this company, it also presents a compelling, strategic opportunity.

This is a unique chance for us to take a leading role in the folding carton sector with great upside opportunity for synergies.

We believe we have modelled this situation on attractive acquisition metrics, with EPS accretion in the first full year following ownership, on a normalised basis, and it will enable Colopak to service its clients with a broader range of products and services across the whole of Australia and New Zealand.

SLIDE 16

And finally, ladies and gentlemen, just turning to the outlook.

At the end of first quarter of trading, I am pleased to report that the business is trading largely in line with the prior comparable period.

Full year financial performance for 2011 is difficult to give at this point on the basis that the inclusion of the CHH business and costs of a one off nature to both conclude the transaction and commence integration activities, will impact this year's results.

Therefore, until ACCC clearance is granted, and the formal due diligence process is complete, we are not in a position to give a clear financial outlook for the full year.

I would conclude by repeating that the acquisition is expected to be earnings per share accretive, based on cost synergies alone, in the first full year following acquisition, on a normalised basis

Ladies and Gentlemen, thank you for coming in today and I am pleased to take any questions you may have.