

Colorpak Limited  
Half-Year Condensed Financial Report  
31 December 2012

# Colorpak Limited

## Directors' Report

Your directors submit their report for the half-year ended 31 December 2012.

### Directors

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

Geoff Willis (Non-executive Chairman)

Alex Commins (Managing Director)

Bronwyn Constance

David Heaney

Ian Wightwick

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

### Review and Results of Operations

#### Financial Performance

Colorpak's six months to 31 December 2012 produced revenues from sale of goods and services of \$92,727,000, 10.9% down on the corresponding prior comparable period ("pcp") of \$104,100,000. The company's revenue base reflects the strategy to concentrate on market segments which will generate sustainable returns. In this half year there were consequential losses of fast food customers in New Zealand and Australia as well as the loss of a key long standing customer in Australia who moved their manufacturing operation offshore. As will be shown below, the operating cost base has been adjusted accordingly.

The company's reported NPAT was a profit of \$4,719,000 (2011: loss of \$2,230,000). The prior year result was significantly impacted by a total of \$9,972,000 of costs that were considered to be of a one-off nature, having arisen from the restructure of the company's operations, along with further business combination costs, in relation to the CHH acquisition in March 2011. A meaningful comparison that presents a true and fair view of the company's ongoing trading operations, which has been termed "underlying result", can only be determined after exclusion of these restructuring and business combination costs.

The numbers in the table below have been reviewed by the auditors.

	2012		2011	
	NPBT	NPAT	NPBT	NPAT
	\$000's	\$000's	\$000's	\$000's
Reported result	6,764	4,719	(3,152)	(2,230)
Restructuring and business combination costs	-	-	(9,972)	(6,980)
Underlying result	<u>6,764</u>	<u>4,719</u>	<u>6,820</u>	<u>4,750</u>

# Colorpak Limited

## Directors' Report

Colorpak's financial performance in the first six months has been pleasing despite the volume loss, with realisation of the benefits of the Victorian plant rationalisations and a continued focus on business efficiencies. This focus has seen a 1.6% increase in earnings before interest, tax and depreciation (EBITDA) to \$10,700,000, as well as an improvement in the EBITDA margin, as measured against sale of goods, which has increased from 10.1% to 11.5%. This financial performance has been achieved despite the impact of inevitable distraction and inefficiencies whilst management attention has been focussed on the consolidation of the two NSW sites into Regents Park. The NSW site rationalisation is well advanced and will be complete early in the 2013 calendar year.

The underlying net profit after tax from continuing operations for the six months reduced marginally by 0.7% to \$4,719,000 as a result of higher depreciation, with a major contributor being depreciation on new computer systems installed to manage the acquired operations. EPS has remained fairly steady at 5.79 cents per share, slightly down on the prior year's 5.83 cents on the underlying result. This level of profitability is considered to be another solid achievement in the face of cost and competitive pressures in the current economic environment.

### **Cash Flow and Debt**

Cash generation from operations for the half were very solid with an inflow of \$9,734,000, up \$1,603,000 on the pcp (before restructuring and business combination costs).

The company incurred capital expenditure, net of proceeds on disposal of assets, of \$2,577,000 for the half, with the total for 2013 expected to be around \$4,500,000. Cash from operations for the half included a net reduction in core working capital of \$2,349,000.

Debt, net of cash at bank, decreased to \$33,183,000 from \$38,913,000 as a result of the strong cash generation in the half. The company remains conservatively geared with gearing of 32.0% (debt / debt + equity) and maintains adequate cash reserves and undrawn bank credit limits to meet its expected working capital and capital expenditure requirements for the foreseeable future.

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

### **Operating Activities**

The first half of 2013 has commenced with a solid start. Consistent with what we reported last year, we have passed the peak of the debt cycle and bottom of the margin cycle. The results confirm those comments and we are pleased that 22 months after the CHH acquisition we are starting to gain some traction following an intensive period of integration activity.

The NSW team was very busy in the months leading up to Christmas. The Villawood site has been just about completely emptied of machinery and the majority of staff have transferred to an expanded Regents Park facility. One printing press remains at Villawood which will be re-commissioned at Regents Park by mid March 2013 and the Villawood site will then be tidied up and ready for sub-leasing.

The last of the IT MIS system upgrades was completed at Mount Waverley in May 2012 and, with the exception of the transition from the Villawood site, the company's operations are now on a homogenous IT platform. The transition from the CHH legacy systems has gone very smoothly. The rationalisation of the Villawood business into Regents Park avoids the need for an additional IT upgrade.

# Colorpak Limited

## Directors' Report

The Victorian operations continued well with the settling down in particular of the Braeside division following the Reservoir closure, Foilmasters' relocation from Dandenong and completion of the factory extension at the 75 Woodlands Drive, Braeside site to house both an expanded finished goods warehouse and Brandpack's new modern facility.

In September 2012 the Brandpack division had its official opening and customer night to showcase its new state-of-the-art facility and technology. Customers were given a first hand view of what enables Brandpack to be "the packaging architects", including an industry unique virtual supermarket technology where customers can design, develop, and manipulate multiple packaging solutions for their brands and display them on shelf in a virtual supermarket environment. Current and potential customers have already shown strong support for this industry leading model.

The market in general remains very competitive and a strong currency has helped import competition. This situation was chiefly responsible for the exit of the fast food market from NZ. Despite the large volume losses to NZ and Australia the company's cost base has been adjusted swiftly in response. In October 2012, the re-signing of Astra Zeneca Australia to a five year, \$30 million, contract was announced which was a very positive result for the company's business given that less than two years earlier they had announced the closure of their Australian site. To a large extent the market has stabilized post the Colorpak/CHH acquisition.

The business has embarked on a large training program over the last six months which has seen productivity training methodology and practices driven through every level of the organisation.

The company's safety record remains robust and well within industry averages, with the Regents Park team achieving a lost time injury free period of 1,000 days late in 2012 and that record remains unbroken.

The company's paper cup division has taken large steps forward in relation to productivity and depth of operator knowledge and training. The pipeline for new opportunities continues to build nationally, and a hot summer has delivered a higher sales than last year.

Industrial harmony remains excellent. All EBA's are current with the next one not due for re-negotiation for some 24 months.

The company's contract for the supply of board from the Reynolds Group's Whakatane mill was due for review in March 2013. That mill is the major board supplier to the group, having been the incumbent supplier to the acquired CHH business at the time of that acquisition. Negotiations were finalised in December 2012 with a positive outcome achieved for the revised contract as a result of the strong currency, global completion and the scale of Colorpak's operations.

### **Dividend**

The Director's have returned their focus to the payout ratio now that the major cash outlays for the restructuring program are completed. As a reward to shareholders for the consistent financial performance and reduced debt, the company will increase its interim dividend by 0.25 cents to 1.75 cents per share, fully franked, which will be paid on 2 April 2013. This raises the dividend paid in the 12 month period to 31 December 2012 to 3.50 cents per share, fully franked. The company expects to announce its fully franked final dividend later in the year.

### **Outlook**

The second six months will continue to be heavily focussed on completion of the rationalisation of the NSW operations integration activities across the business and we will continue to drive for efficiencies from each production facility, including balancing of capacity between sites, in order to achieve optimal financial results.

The underlying results of the business continue to track well.

# Colorpak Limited Directors' Report

## **Rounding**

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

## **Auditor's Independence Declaration**

We have obtained an independence declaration from our auditors, Ernst & Young, which is attached at page 5 of this report.

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



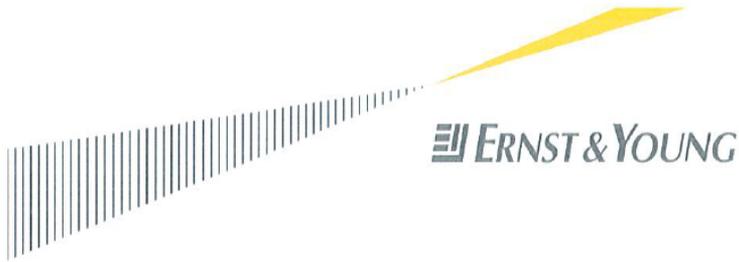
G.L. Willis  
Chairman



A. Commins  
Managing Director

Braeside  
26 February 2013

Colorpak Limited  
Directors' Report



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**Auditor's Independence Declaration to the Directors of Colorpak Limited**

In relation to our review of the financial report of Colorpak Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

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Ernst & Young

A handwritten signature in blue ink, appearing to be 'J. Gossan'.

Jacob Gossan  
Partner  
Melbourne  
26 February 2013

Colorpak Limited  
Statement of Comprehensive Income  
for the half-year ended 31 December 2012

	Notes	2012 \$000	2011 \$000
Revenue	4	94,755	106,130
Changes in inventories of finished goods and work in progress		149	(1,875)
Raw materials and consumables used		(42,175)	(45,279)
Employee benefits expense		(28,101)	(31,981)
Depreciation and amortisation		(2,263)	(1,976)
Occupancy costs		(4,309)	(4,383)
Factory operating expense		(7,433)	(9,009)
Other expenses		(2,186)	(3,069)
Profit before tax, restructuring, business combination and finance costs		8,437	8,558
Finance costs	4	(1,673)	(1,738)
Profit before income tax, restructuring and business combination costs		6,764	6,820
Restructuring and business combination costs:			
Restructuring and integration costs	4	-	(9,761)
Business combination costs	4	-	(211)
Restructuring and business combination costs		-	(9,972)
<b>Profit / (Loss) before income tax</b>		<b>6,764</b>	<b>(3,152)</b>
Income tax expense from continuing operations		(2,045)	(2,070)
Income tax benefit on restructuring and business combination costs		-	2,992
<b>Total income tax (expense) / benefit</b>		<b>(2,045)</b>	<b>922</b>
<b>Net profit / (loss) for the period</b>		<b>4,719</b>	<b>(2,230)</b>
<b>Other comprehensive income</b>			
Items that will be subsequently recycled through profit and loss:			
Cash flow hedges:			
Gain / (loss) taken to equity		107	(306)
Income tax (expense) / benefit on items of other comprehensive income		(32)	92
Foreign currency translation		(9)	36
<b>Other comprehensive income for the period, net of tax</b>		<b>66</b>	<b>(178)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>4,785</b>	<b>(2,408)</b>
Earnings per share (cents per share)			
- basic and diluted for profit for the period attributable to ordinary equity holders of the company		5.79	(2.73)

Colorpak Limited  
Statement of Financial Position as at 31 December 2012

	As at 31 December 2012 \$000	As at 30 June 2012 \$000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,416	4
Trade and other receivables	27,436	31,384
Inventories	25,895	28,227
Income tax receivable	215	648
Other current assets	1,975	743
<b>Total Current Assets</b>	<b>57,937</b>	<b>61,006</b>
<b>Non-current Assets</b>		
Property, plant and equipment	40,434	40,566
Goodwill	46,134	46,134
Deferred income tax asset	4,375	6,424
<b>Total Non-current Assets</b>	<b>90,943</b>	<b>93,124</b>
<b>TOTAL ASSETS</b>	<b>148,880</b>	<b>154,130</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	19,161	21,586
Interest-bearing loans and borrowings	1,022	1,430
Provisions	11,319	12,282
Derivative financial instruments	28	129
<b>Total Current Liabilities</b>	<b>31,530</b>	<b>35,427</b>
<b>Non-current Liabilities</b>		
Interest-bearing loans and borrowings	34,577	37,487
Provisions	11,476	13,272
Derivative financial instruments	938	943
<b>Total Non-current Liabilities</b>	<b>46,991</b>	<b>51,702</b>
<b>TOTAL LIABILITIES</b>	<b>78,521</b>	<b>87,129</b>
<b>NET ASSETS</b>	<b>70,359</b>	<b>67,001</b>
<b>EQUITY</b>		
Contributed equity	39,484	39,484
Retained profits	31,635	28,343
Cash Flow Hedge Reserve	6 (760)	(826)
<b>TOTAL EQUITY</b>	<b>70,359</b>	<b>67,001</b>

Colorpak Limited  
Statement of Cash Flow  
for the half-year ended 31 December 2012

	Notes	2012 \$000 Inflows/(Outflows)	2011 \$000 Inflows/(Outflows)
<b>Cash flows from operating activities</b>			
Receipts from customers		108,159	119,526
Payments to suppliers and employees		(97,203)	(108,337)
Interest received		18	29
Income taxes refund / (paid)		433	(1,349)
Finance costs		(1,673)	(1,738)
Net cash flows from operating activities (before restructuring and business combination costs)		9,734	8,131
Restructuring and business combination costs		-	(9,777)
<b>Net cash flows (used in) / from operating activities</b>		<b>9,734</b>	<b>(1,646)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		181	846
Purchase of property, plant and equipment		(2,758)	(2,794)
Purchase of business, net of cash acquired		-	(4,380)
<b>Net cash flows used in investing activities</b>		<b>(2,577)</b>	<b>(6,328)</b>
<b>Cash flows from financing activities</b>			
Repayment of finance lease principal		(483)	(333)
(Repayment) / proceeds of borrowings		(2,390)	11,412
Payment of dividends	5	(1,427)	(1,427)
<b>Net cash flows (used in) / from financing activities</b>		<b>(4,300)</b>	<b>9,652</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,857</b>	<b>1,678</b>
Cash and cash equivalents at beginning of period		(441)	(3,173)
<b>Cash and cash equivalents at end of period</b>	7	<b>2,416</b>	<b>(1,495)</b>

Colorpak Limited  
Statement of Changes in Equity  
for the half-year ended 31 December 2012

	Attributable to equity holders of the Company				
	Issued capital \$000	Retained earnings \$000	Cash flow hedge reserve \$000	FX translation reserve \$000	Total equity \$000
<b>At 1 July 2012</b>	39,484	28,343	(751)	(75)	67,001
Profit for the period	-	4,719	-	-	4,719
Other comprehensive	-	-	75	(9)	66
Total comprehensive income / (loss) for the period	-	4,719	75	(9)	4,785
Transactions with owners in their capacity as owners:					
Equity dividends	-	(1,427)	-	-	(1,427)
<b>At 31 December 2012</b>	<b>39,484</b>	<b>31,635</b>	<b>(676)</b>	<b>(84)</b>	<b>70,359</b>
<b>At 1 July 2011</b>	39,484	34,220	(337)	(92)	73,275
Profit for the period	-	(2,230)	-		(2,230)
Other comprehensive	-	-	(214)	36	(178)
Total comprehensive income / (loss) for the period	-	(2,230)	(214)	36	(2,408)
Transactions with owners in their capacity as owners:					
Equity dividends	-	(1,427)	-	-	(1,427)
<b>At 31 December 2011</b>	<b>39,484</b>	<b>30,563</b>	<b>(551)</b>	<b>(56)</b>	<b>69,440</b>

	Notes	2012 \$000	2011 \$000
Dividends per share (cents per share)	5	1.75	1.75

# Colorpak Limited

## Notes to the half-year Financial Statements

### 31 December 2012

#### 1. Corporate Information

The condensed financial report of Colorpak Limited (the company) for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 26 February 2013.

Colorpak Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the company are described in note 3.

#### 2. Summary of significant accounting policies

##### Basis of preparation

This general purpose condensed financial report has been prepared in accordance with AASB 134 “*Interim Financial Reporting*” and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

It is recommended that the half-year financial report should be read in conjunction with the annual financial report for the year ended 30 June 2012 and considered together with any public announcements made by Colorpak Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

##### Changes in accounting policy

The following amending Standards have been adopted from 1 July 2012. Adoption of these Standards did not have any effect on the financial position or performance of the Company.

Reference	Title	Summary	Impact on financial report
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	The group has applied this standard.

The company has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

Colorpak Limited  
Notes to the half-year condensed Financial Statements  
31 December 2012

### 3. Segment Information

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The accounting policies used in the preparation of the information used by the CODM are aligned to those which are presented in this report. As there are minimal differences, no further disclosures are deemed necessary.

The company operates in Australia and New Zealand under a single reportable operating segment. The reporting segment is based on the operating segment which was determined by the similarity of the products produced and sold and/or the services provided, as these are the sources of the group's major risks and have the most effect on the rates of return.

#### Types of products and services

The major product/services from which the group derived revenue during the period was the structural design and production of folding cartons, paper cups and lids, printed leaflets, blister and lidding foils, self-adhesive labels and laminates, point of sale displays and other paperboard packaging products.

#### Accounting policies and inter-segment transactions

The accounting policies used by the group in reporting segments internally are the same as those contained in the prior period.

Segment loans are initially recognised at the consideration received excluding transaction costs. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates.

It is the group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

#### Major customers

The group has a single customer that contributes external revenues in excess of 10% of the group's revenues (being 17%). In 2011 there was one customer above 10%, being 15% of external revenues.

#### Geographic spread

	Australia \$000	New Zealand \$000	Total \$000
<b>2012</b>			
Revenues	83,690	11,065	94,755
Net profit for the period	4,522	197	4,719
Total Assets	139,093	9,787	148,880
<b>2011</b>			
Revenues	91,045	15,085	106,130
Net profit for the period	(2,703)	473	(2,230)
Total Assets	144,603	12,984	157,587

Colorpak Limited  
Notes to the half-year condensed Financial Statements  
31 December 2012

2012	2011
\$000	\$000

#### 4. Revenue and 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

Sale of goods and services	92,727	104,100
Interest from unrelated persons	18	29
Onerous contracts	894	1,171
Other revenue	1,116	830
	<b>94,755</b>	<b>106,130</b>

##### (ii) Expenses

###### Finance costs

Interest paid or payable to unrelated persons	1,534	1,573
Finance charges payable under finance leases and hire purchase contracts	73	165
Finance charges on onerous contracts	66	-
<b>Total finance costs expensed</b>	<b>1,673</b>	<b>1,738</b>

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

###### Restructuring and integration costs

Redundancies	-	6,656
Premises provisions	-	1,823
Moving costs	-	659
Equipment and inventory provisions	-	172
Integration costs	-	451
<b>Total restructuring and integration costs</b>	<b>-</b>	<b>9,761</b>

###### Business combination costs

Computer set-up	-	113
Rebranding	-	73
Other	-	25
<b>Total business combination costs</b>	<b>-</b>	<b>211</b>

##### (b) Seasonality of Operations

The company experiences some seasonality in relation to demand for its product, with sales in the 1<sup>st</sup> half typically around 55% of annual sales.

Colorpak Limited  
Notes to the half-year condensed Financial Statements  
31 December 2012

	2012 \$000	2011 \$000
<b>5. Dividends Paid and Proposed</b>		
<b>Equity dividends on ordinary shares:</b>		
<b>(a) Dividends declared and paid during the half-year</b>		
Final franked dividend for financial year 30 June 2012: 1.75 cents (2011: 1.75 cents)	1,427	1,427
<b>(b) Dividends proposed and not yet recognised as a liability</b>		
Interim franked dividend for financial year 30 June 2013: 1.75 cents (2012: 1.50 cents)	1,427	1,223
	<b>2,854</b>	<b>2,650</b>

**6. Cash Flow Hedge Reserve**

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 which are in place cover approximately 62% of the principal outstanding and are timed to expire at selected dates over the next 3 ½ years, with the earliest expiry being June 2013. The fixed interest rates range between 4.6% and 7.2% and the comparable variable rate based on the 90 day bank bill rate at balance date was 3.12% (June 2012: 4.53%). These interest rate swaps have been designated into cash flow hedges.

**7. Reconciliation of Cash**

For the purposes of the Cash Flow Statement, cash and cash equivalents comprised the following at 31 December:

Cash on hand	4	5
Cash at bank / (Bank overdraft)	2,412	(1,500)
	<b>2,416</b>	<b>(1,495)</b>

**8. Expenditure Commitments**

Estimated capital expenditure contracted for at reporting date, but not provided for:

	<b>583</b>	-
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Colorpak Limited  
Notes to the half-year condensed Financial Statements  
31 December 2012

**9. Contingent Assets and Liabilities**

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

**10. Events after the Balance Sheet Date**

Since 31 December 2012 the following events have occurred:

- the directors have declared an interim ordinary dividend of 1.75 cents per share (fully franked) to be paid on 2 April 2013. The total value of this dividend is \$1,427,000.

The financial effect of the dividend have not been brought to account for the half-year ended 31 December 2012 and will be recognised in the subsequent financial period.

# Colorpak Limited

## Director's Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



G.L. Willis  
Chairman



A. Commins  
Managing Director

Braeside  
26 February 2013

## Independent Review Report to Members of Colorpak Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Colorpak Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Colorpak Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Colorpak Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'J. Gossan'.

Jacob Gossan  
Partner  
Melbourne  
26 February 2013