Colorpak Limited
Innovative Designers & Manufacturers of Printed Cartons / Foils / Labels / Laminates
ACN 107 485 898 ABN 56 107 485 898
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19 June 2006

To: **Company Announcements Office**

Subject: **Earnings Outlook**

Please find attached an update on the Company's earnings outlook for 2006.

All queries should be addressed to the Company's Managing Director,
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Announcement is made on behalf of the Board

Stephen Nicholls
Secretary

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Earnings Outlook

Colorpak wishes to advise a revised forecast for the year to June 2006.

The business has experienced another year of solid organic sales growth, with revenues expected to be in excess of guidance given at the Company's 2005 AGM.

The relocation of the NSW carton business to a purpose built facility at Regents Park, will now be completed on June 26th, somewhat later than the initial project timeline, with one-off relocation costs of $0.4 million impacting the 2006 result. This delay caused problems in our existing Sydney operation, resulting in a large amount of work having to be temporarily transferred to Victoria in the January to June period. To ensure our high customer service levels were not compromised this resulted in further one-off operating cost impacts.

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

Taking all of these factors into account we now anticipate that 2006 revenues will be between $68 and $70 million and NPAT between $4.5 and $4.7 million.

Cash flows from operations are expected to continue to be robust through 2007, meaning that our dividend payouts will not be affected by the one-off costs and charges brought to account in the 2006 year. Accordingly, the Company plans to lift its final dividend, payable in October, to 1.75 cents per share, being a full year dividend of 2.75 cents per share.

With new premises and world class equipment, the Company anticipates continued growth in both NSW and Victoria. The setback to earnings in January to June 2006 is expected to be quickly reversed over the next six months as we bed both operations in NSW into the new premises. In line with the growth prospects the 2nd half of 2007 will outperform the 1st half.

The earnings growth path is forecast to be re-established for 2007 with expected revenues of between $71 and $73 million and expected NPAT of between $5.1 and $5.4 million.