

10 August 2011

Rationalisation of Reservoir (Victoria) Operations

Following a thorough review of the acquired assets, the company has decided that a rationalisation of the company's manufacturing footprint had to take place and accordingly, has decided to relocate the folding carton converting operations from the Reservoir plant to the other Melbourne sites, effective the end of November 2011. The sheeting operations and stores, and associated administration will remain operational at the Reservoir site.

Of the 99 jobs impacted by the closure it is expected that 66 positions will be re-deployed to the company's manufacturing operations at Mount Waverley and Braeside. All employees who are unable to be redeployed will be paid their full redundancy entitlements and be assisted to find alternate work. If all employees accepted employment termination, then up to \$6.7 million in redundancy costs and up to \$2.0 million in leave entitlements will be paid in the six months to December 2011. Colorpak's ongoing operating profit will improve as a result of reduced headcount and efficiency gains from operating from a reduced manufacturing footprint in Victoria, with two rather than three facilities in Melbourne.

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Secretary

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