

18 June 2012

Consolidation of NSW Operations

In line with the company's strategy to rationalize assets and drive manufacturing efficiencies, Colorpak will consolidate NSW operations by closing the Villawood folding carton plant and relocating it to the existing nearby Regents Park facility. Colorpak will expand its footprint at Regents Park with the lease of adjacent space to streamline workflow and to separately house the flexible packaging operations in a modern "clean room" environment.

This consolidation of NSW operations follows on from the earlier announced rationalization of Victorian operations which have been substantially completed.

The NSW moves will take place over the next six months and are expected to be complete by the end of 2012.

Financial performance for the current year will be further impacted by approximately \$5.2 million in restructuring provisions arising from the Villawood closure, largely related to premises costs at the site and the cost of the move. A further \$1.8 million will be invested over the next six months on capital projects to integrate the Villawood operations and streamline the total workflow. Considerable staff restructuring has already been achieved and no major redundancy provisions will be required in relation to these moves.

The company's ongoing rationalisation program is necessary to maintain an efficient and competitive operating cost base in the face of a difficult trading environment. A number of adverse factors including manufacturing businesses moving operations offshore, the high Australian \$ and weak consumer spending have affected the company's profitability in the second half of FY12. Despite these difficulties, Colorpak's full year normalised net profit after tax (NPAT) (results from trading excluding costs of restructuring the operations) is still expected to be maintained at around the level of last year's NPAT from operations of \$7 million.

The restructuring completed in 2011/12 and that now planned for the next six months strengthens Colorpak's overall competitive position.

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