28 August 2015

Colorpak Limited Financial Results and Annual Report for the year ended 30 June 2015

In accordance with the Listing Rules, I enclose the following for immediate release:

1. Appendix 4E – Final Report

2. Colorpak 2015 Annual Report, including financial statements for the year ended 30 June 2015

Yours sincerely

Stephen Nicholls
Secretary

Rule 4.3A

Appendix 4E

Preliminary Final Report

Name of entity	ABN
Colorpak Limited	**56 107 485 898**

Current reporting period:	Previous corresponding period:
Financial year ended 30 June 2015	Period ended 30 June 2014

Results for announcement to the market				**AUD'000s**
Revenues from ordinary activities	~~up~~ / down	0.4 %	to	161,177
Profit before income tax and restructure related transactions	up / ~~down~~	152.8 %	to	5,075
Profit from ordinary activities after tax attributable to members (see explanation below)	up / ~~down~~	125.5 %	to	3,372
Net Profit for the period attributable to members	up / ~~down~~	125.5 %	to	3,372

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

The 2014/15 result for the company reflects a return to normalised trading with the major one-offs for restructuring costs of $2.818m and the non-cash goodwill impairment charge of $15.0m quarantined to 2014.

The underlying result was NPAT of $3.611m, which was below the corresponding period last year on an underlying result basis, and slightly better than the $3m update provided to the market on the 30th June 2015.

Commentary on Financial Performance will be found in the Operating and Financial Review commencing on Page 11 of the 2015 Annual Report attached to this Preliminary Final Report.

	Amount per security	Franked amount per security
Final dividend	1.25 cents	1.25 cents
Interim dividend	1.25 cents	1.25 cents
Record date for determining entitlements to the final dividend	10 September 2015	
Dividend reinvestment plan	Yes Last date for participation election notice: 11 September 2015	
	2015	2014
Net tangible assets per security	32.8 cents	30.4 cents

<table>
<tr><td colspan="2">Commentary on Results:
See separate report below</td></tr>
<tr><td colspan="2">Audit Statement:
This report is based on the audited 2015 Annual Report of Colorpak Limited which is attached.</td></tr>
<tr><td>Entities over which control has been gained during the year</td><td>Nil</td></tr>
<tr><td>Entities over which control has been lost during the year</td><td>Nil</td></tr>
<tr><td>Details of associates</td><td>Nil</td></tr>
<tr><td>Details of joint venture entities</td><td>Nil</td></tr>
<tr><td>Annual General meeting will be held at:
Place:

Date:
Time:</td><td>
The Westin,
205 Collins Street
Melbourne Vic 3000

Friday, 30 October 2015
11.00 am</td></tr>
</table>

BUILDING FOR BETTER RETURNS

ANNUAL REPORT 2015

colorpak

Colorpak Limited
ABN 56 107 485 898

Annual General Meeting
The Annual General Meeting of Colorpak Limited will be held at:

The Westin
205 Collins Street
Melbourne VIC 3000 on Friday, 30 October 2015 at 11.00 a.m., where this report will be presented.

A separate notice of meeting and proxy will be provided.

Directors

G Willis
Chairman and Non-executive Director

A Commins
Managing Director

D Heaney
Non-executive Director

I Wightwick
Non-executive Director

Company Secretary
S Nicholls

Registered Office
63 – 73 Woodlands Drive
Braeside VIC 3195
Telephone: 61 3 9586 4700
Facsimile: 61 3 9587 8162

Auditors
Ernst & Young

Solicitors
Herbert Smith Freehills

Bankers
National Australia Bank Limited
Bank of New Zealand

Share Register
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Telephone: 1300 554 474

Website
colorpak.com.au

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OUR STORY

THE COLORPAK BUSINESS STARTED IN THE 1920S AND HAS GROWN TO BECOME A PROMINENT PARTICIPANT IN THE FOLDING CARTON SEGMENT OF THE PAPER AND BOARD PACKAGING INDUSTRY IN AUSTRALIA.

Colorpak services a customer base comprising national and international companies from its purpose-built manufacturing facilities in Melbourne and Sydney in Australia and Auckland in New Zealand.

Colorpak specialises in the structural design and production of innovative folding cartons, paper cups and lids, printed leaflets, printed blister and lidding foils, printed self-adhesive labels (produced predominantly conventionally, or digitally subject to volume and turnaround requirements), point of sale displays and other value-added paperboard packaging products for specific end-use markets.

These end-use markets serviced by Colorpak include:

- pharmaceutical and healthcare; and
- premium branded products comprising:

  beverage; confectioneries; cosmetics and fragrances; food and household; personal care; premium wine; and technology.

Colorpak was listed on the ASX in 2004.

CHAIRMAN'S REPORT

ON BEHALF OF YOUR DIRECTORS I AM PLEASED TO REPORT THAT THE COMPANY'S NET PROFIT AFTER TAX FOR THE YEAR ENDED 30TH JUNE 2015 WAS $3.372MILLION, WHICH WAS WELL ABOVE THE LOSS RECORDED IN 2013/14.

The underlying net profit after tax for 2014/15 was $3.611 million. This measure better reflects the company's ongoing trading operations and on this basis the 2014/15 results were just slightly lower than the $3.784 million achieved in 2013/14. Similarly, net sales for year at $159.6 million were just slightly below the previous year. Operations were steadily improved during 2014/15 and this showed through both in the second half results and in our internal productivity measures. The Managing Director's report covers this solid progress in more detail.

In a year where the board brought the focus back from restructuring to cashflow management it is pleasing to note that net debt was decreased by $8.0 million to $31.4 million. Working capital was tightly controlled, capital expenditure was allocated to only the most favourable projects and free cash was applied to debt reduction. The two dividends paid during the year were opened to the Dividend Reinvestment Plan and each was underwritten to strengthen the Balance Sheet. Gearing at the 30th June 2015 was recorded at 34.7% and whilst there are no debt repayment requirements on the group's bank bill facilities before January 2017 we are forecasting further debt reductions in the year ahead.

Directors declared a final dividend of 1.25 cents, which together with the interim dividend of 1.25 cents yielded a full year payout of 2.5 cents which was a 62.9% payout of the 4.0 cents earnings per share for 2014/15. The dividends were once again fully franked and a substantial bank of franking credits remains.

May I conclude by informing that your board has continued to work diligently and in close co-operation with management throughout the year to deliver the 2014/15 results and I express my thanks for the directors, to the Managing Director and his team.

Thank you.

Geoff Willis

G.L. Willis

Chairman

MANAGING DIRECTOR'S REPORT

FY15 as always was a busy year in the business. Whilst the final plant rationalisation in Victoria had been completed in FY14, the performance of the newly combined division was not complete. The management team had set itself strong targets at the beginning of FY15 to lift the profit from the previous twelve months, a year disrupted by a large scale move. At the halfway point of FY15 the productivity gains mapped out in Victoria had slipped from our grasp due to the magnitude of changes we had not been able to capitalise on in the timeline we set.

In a much stronger performance in the second half, the Victorian division was able to effect the many changes required to deliver some of the productivity improvements expected, albeit delayed. With some good momentum and solid progress to workflows and process now embedded, we are confident to see further productivity improvements flow into the FY16 numbers.

A review of our results will reveal that year on year FY14 and FY15 were remarkably similar in overall sales and profit generation on an underlying basis. The folding carton market remains fragmented and highly competitive, and the Colorpak business maintains its reputational and profit leadership position of the sector.

2015 HIGHLIGHTS

- Good progress made in Victorian productivity lift in 2HFY15 which will continue to flow on to FY16.
- Disciplined approach to free cash generation and retirement of core debt. Net debt down to $31.45 million from $39.37 million 12 months ago.
- Strong focus, performance, and results in relation to safety of all our employees.
- A small acquisition was made in March 2015 of a well reputed pre-press provider known as "The Connection". The bolt on compliments and expands the core capabilities and reach of the Brandpack division and brings with it a new suite of customers to the value of $1.7 million p.a.
- Foilmasters manufacturing footprint re-sized to service internal customers only, freeing up valuable floor space for further expansion into paper cups and allowance for raw material storage.

THE FOLDING CARTON MARKET REMAINS FRAGMENTED AND HIGHLY COMPETITIVE, AND THE COLORPAK BUSINESS MAINTAINS ITS REPUTATIONAL AND PROFIT LEADERSHIP POSITION OF THE SECTOR.

- Our reputation for quality, service, and innovation remains strong and augers well for customer retention in an ever competitive marketplace. A now sustained retraction of the Australian dollar is helpful and will benefit our business in the event of import replacement and/or strength in consumer confidence/spending.
- A number of major customer contracts were re-negotiated during the period; and in New Zealand a significant new piece of business secured from a well known player in the energy drinks sector.
- Capital expenditure was relatively light for the year at less than $2 million.
- Working capital management remains a core focus as we are faced with a longer more protracted supply chain on the importation of raw materials, and continued customer pressure for improved terms.

2016 OUTLOOK

- Prudent decisions have been taken across the group that will see improved productivity continue on through to FY16.
- Complete the final transition in Auckland to remain on the same site with a reduced physical and financial footprint.
- Our focus continues on productivity, innovation, quality and service to maintain and enhance our competitive position. A continued light period in relation to capital expenditure given the extensive suite of world class technology the company deploys. A drive to improve margins, free up cash from working capital by tighter management, and retire net debt.
- Remain alert to participate in the consolidation of the sector.
- Assess growth options in adjacent markets.

SUMMARY

FY15 was another year, unexpected to a large extent, to complete the considerable task of integrating the Colorpak and Carter Holt Harvey businesses. From here, it is about picking up the one percenters that underpin the hard yards this team has done, and ultimately going on the next growth journey. Our team has had to live with remuneration outcomes less than they have historically been used to. They have had to seek smarter, more sustainable and self funding ways to achieve personal progress. That is always a tough ask from any management team to its workforce.

The reality of today's manufacturing environment is that we play in a global market. Our competitors live and work far beyond our fair shores. We are compelled to accept those truths, as unpleasant as they may be, and we are driven therefore to find smarter, leaner, faster ways of helping ourselves to help our customers' businesses prosper and flourish.

Thank you one and all for another year of determined focussed performance. We can be very proud of what we have achieved, and united in what we will achieve in FY16 and beyond.

A. Commins

Managing Director

BOARD OF DIRECTORS

The names and details of the company's directors and secretary in office during the financial year and until the date of this report are as follows. Directors and secretary were in office for this entire period unless otherwise indicated.

Mr Geoff Willis

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B.Comm, MBA, FCPA, FAICD

Chairman

Member, Audit, Risk Management and Compliance Committee

Member, Nomination and Remuneration Committee

Geoff has a strong commercial and industrial background and has undertaken a number of senior leadership positions during the past decade.

He has been Chairman of Colorpak since 12 January 2004.

Geoff was the CEO of Hydro Tasmania from 1999 to 2006 and prior to that appointment he was a member of the Amcor senior management team from 1982 to 1998.

Geoff is currently Chair of Aurora Energy Pty Ltd and Chair of Trustees of the Tasmanian Museum and Art Gallery.

Mr Alex Commins

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B.Bus (Acc), FAICD

Managing Director

Alex joined Colorpak in 1992 after starting his career in auditing and accounting.

Alex has been the Managing Director since January 2003. He maintains direct responsibility for Colorpak's strategy development, customer relationships, business development and to drive growth and innovation throughout the business.

Alex has played a major role in Colorpak's acquisition negotiations and has been responsible for Colorpak's entry into and continued involvement in its global alliances. Alex is currently the secretary of the Global Packaging Alliance.

Alex is a State Councillor of the Victoria Chapter of the French-Australian Chamber of Commerce and Industry.

Mr David Heaney

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Non-executive Director

Chairman, Audit, Risk Management and Compliance Committee

Member, Nomination and Remuneration Committee

David brings strong banking and finance skills together with corporate governance experience to the company. He joined Colorpak on 12 January 2004 and has more than 38 years experience in banking and corporate finance gained with the National Australia Bank and subsidiary companies. David held several senior management positions in Australia and the United States.

David also serves as a director of the listed company, Cyclopharm Limited and has also served as a director of listed company Dromana Estate Limited.

COMPANY SECRETARY

Mr Ian Wightwick

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Dip.App.Chem., BEc, MAdmin, FAICD.

Non-executive Director

Chairman, Nomination and Remuneration Committee

Member, Audit, Risk Management and Compliance Committee

Until his retirement from full time employment in February 2004, Ian was Managing Director and Chief Executive Officer of PaperlinX Ltd which was demerged from Amcor Ltd and went public under his stewardship in 2000, becoming a top 100 public company in Australia. PaperlinX grew by acquisition to be the largest international paper merchant, also having substantial paper manufacturing operations in Australia.

Prior to his time with PaperlinX, Ian filled various executive marketing and divisional Managing Director roles in Amcor Ltd over a 19-year period.

His earlier career encompassed over 20 years in the food industry with a period in private practice as a business consultant.

Ian is a director of Kings Cove Limited.

Ms Bronwyn Constance

66

FCPA, FAICD, FCIS.

Resigned 11 March 2015

Non-executive Director

Member, Nomination and Remuneration Committee

Member, Audit, Risk Management and Compliance Committee

Mr Stephen Nicholls

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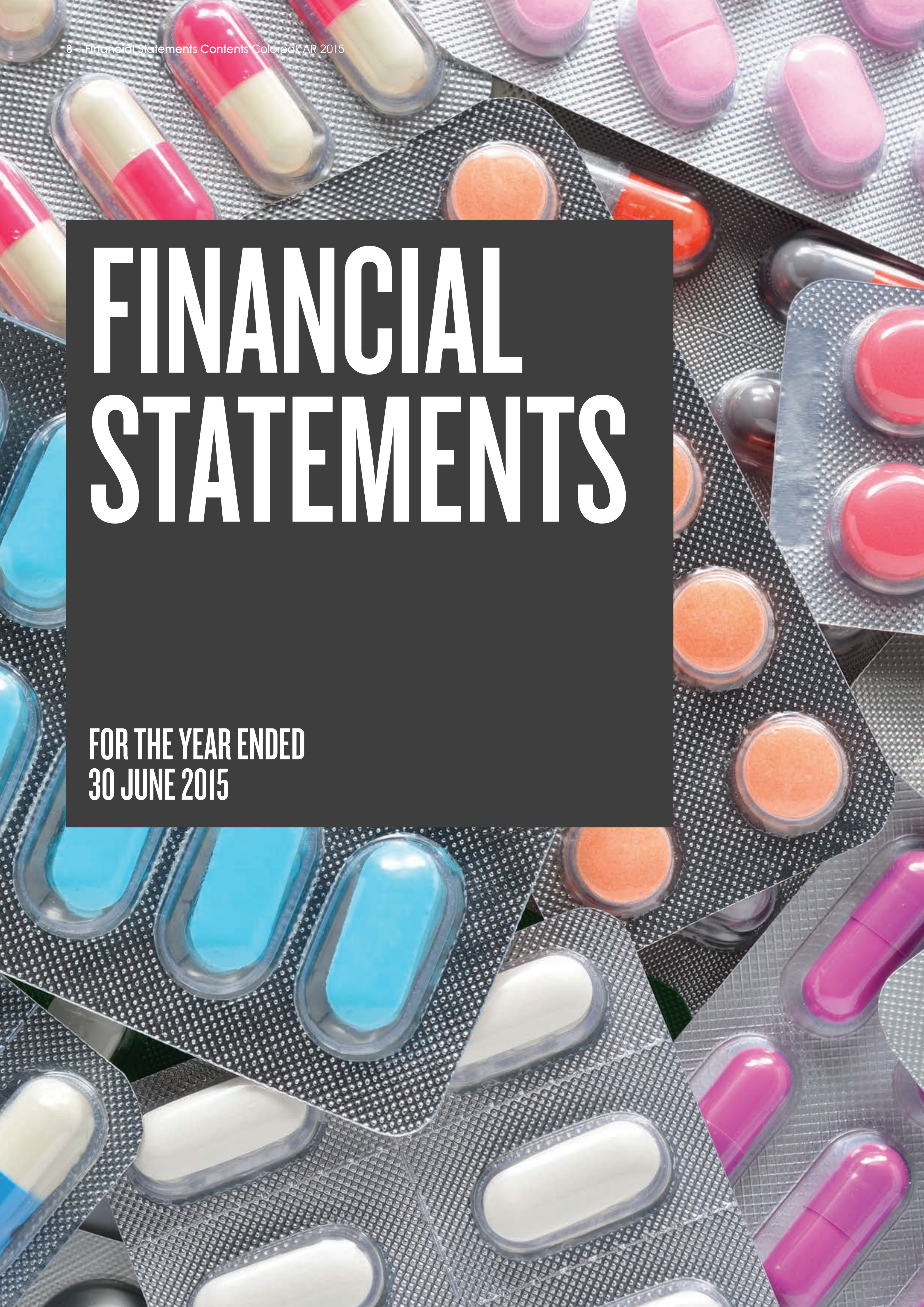
BA (Economic and Financial Studies), ACA, AGIA, FAICD

Stephen joined Colorpak in January 2004 as CFO and Secretary. Prior to holding this position he had a successful career in senior financial positions with medium and large commercial organisations in the IT and service industries. Stephen has been a Chartered Accountant for over 30 years.

Stephen played a key role in the extensive background modelling and due diligence work that enabled the acquisition of the CHH operations to take place.

Stephen retired from his position as CFO on 3 July 2015.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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Directors' Report

The directors of Colorpak Limited (hereinafter referred to as "the company") present their report together with the financial statements of the company for the year ended 30 June 2015.

Directors

The names of the directors of the company in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

G. Willis

A. Commins

B Constance (resigned 11 March 2015)

D. Heaney

I. Wightwick

The details of the directors and each director's qualifications, age, experience and special responsibilities are included on pages 6 and 7 of this Annual Report.

Secretary

Details of the secretary of the company in office during the financial year and until the date of this report, and the secretary's qualifications, age and experience are included on page 7 of this Annual Report.

Director's Interests

Relevant interests of the directors in the shares of the company as at the date of this report are:

	Colorpak Limited Ordinary Shares
G Willis	276,711
A Commins	6,078,012
B Constance	84,224
D Heaney	870,433
I Wightwick	105,125

There are no contracts in existence to which directors are a party and which confer on them a right to acquire shares and options.

Principal Activities

The principal activities of the group during the financial year comprised the innovative design and production of printed folding cartons, paper cups and lids, printed leaflets, printed blister and lidding foils, printed self-adhesive labels (produced offset or digitally subject to volume and turnaround requirements), point-of-sale displays and other value added paperboard packaging products for specific end-use markets in Australia and New Zealand.

There have been no significant changes in the nature of these activities during the year.

Earnings Per Share

	Cents
Basic and diluted earnings per share	4.02
Basic and diluted earnings per share on the underlying result (*)	4.31

* See explanation under Financial Performance section of Operating and Financial Review.

Directors' Report

Dividends

	Cents	$000
Final dividend recommended on ordinary shares	1.25	1,071
Interim dividend paid in the year on ordinary shares	1.25	1,048
Total dividend in respect of the year	2.50	2,119

The final dividend will be paid subject to shareholder election to participate in the company's existing dividend reinvestment plan.

Operating and Financial Review

Financial Performance

The group's reported net profit after tax (NPAT) was a profit of $3,372,000 (2014: loss of $13,188,000). This reported result:

1. Does not include any restructuring costs as the restructure was completed in the 2014 year. For the 2014 year $2,818,000 was considered to be of a one-off in nature, having arisen as a result of the closure of the Mt Waverley factory and the merger of its operations into the Braeside site. An analysis of the restructuring costs are set out in detail in note 5.
2. Includes an asset impairment charge of $239,000 being a one-off that resulted from the exit of a minor business segment, whilst the $15,000,000 in 2014 relates to a goodwill impairment.

Given the nature of both the restructuring costs and asset / goodwill impairment charge, they have been eliminated in the table below in order to present clarity on the company's ongoing trading operations, which has been termed the "underlying result".

	2015		2014	
	NPBT $000	**NPAT $000**	NPBT $000	NPAT $000
Reported result	**5,075**	**3,372**	(12,425)	(13,188)
Add back, restructuring costs	**–**	**–**	(2,818)	(1,972)
Add back, impairment of assets / goodwill	**(239)**	**(239)**	(15,000)	(15,000)
Underlying result	**5,314**	**3,611**	5,393	3,784

NPBT refers to Net Profit Before Tax. The numbers in the above table have been reviewed by the auditors.

Revenues from sale of goods and services amounted to $159,592,000, 0.4% down on the corresponding prior comparable period ("pcp") of $160,207,000. This revenue decline was due to the following factors:

- a softening in volumes across a number of customers who supply the major supermarket chains and have been impacted by substitution of their products by the supermarkets in favour of fully imported private label products;
- the decline attributable to these customers was unexpected and on the back of an unusually high $A exchange rate for a sustained period.

Financial highlights for 2015 included:

- EBITDA 25% up versus pcp on a reported basis, slightly lower on an underlying basis;
- Strong progress made in the second half of the year in achieving cost reduction targets from the final stages of the Victorian integration;
- Strong volumes in Q4 FY15 versus the pcp.
- A $8.0m reduction in net debt down from $39.4m to $31.4m.
- Improvement made in debtors days with further improvement targeted in FY16 across all aspects of working capital management.

Directors' Report

EBITDA margins, as measured against sale of goods, remained steady at 8.0% as a result of the factors explained above. Finance costs were down primarily due to reduced interest rates and lower average debt levels relative to last year whilst depreciation was higher due to investment in new machines and equipment upgrades over the last twelve months.

EPS has increased to 4.02 cents per share, up on the prior year's (16.18) cents on the reported result. On the underlying result, EPS was down 0.33 cents per share.

There is an increasing tendency for large multinational companies to demand extended trading terms, thereby reducing their debt obligations and effectively passing the burden on to their suppliers.

Aggregate assets have decreased by $3,944,000, as depreciation exceeded capital expenditure by $3,000,000 during the year. The group has also continued to improve its aged debtor position through careful cash management with aggregate debtors decreasing by $1,184,000, past due not impaired debtors have reduced by $1,445,000 which is an improvement of 23%. Inventories have increased by $1,709,000 with finished goods accounting for $1,031,000 due to increased levels of safety stock for major customers.

The audit opinion places no emphasis of any matter disclosed in the financial statements.

Cash Flow

Cash generation from operations for the year, before restructuring related transactions, was an inflow of $9,922,000, up $4,877,000 on the pcp. Stronger cash collections and tighter cost control during the year delivered the improved cash result which was also aided by lower interest costs.

The group incurred capital expenditure of $2,019,000 for the year with the additions being a full sprinkler system installed in Braeside to better comply with insurer's demands, a turret rewinder for the flexible division which eliminated double handling of printed reels, and some ancillary equipment for our paper cup division. Net debt decreased by $7,927,000 to $31,443,000, due to the minimal requirements for capital expenditure and the concerted efforts made to utilise the free cash to retire core debt. The group remains relatively conservatively geared at 34.7% (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.

Colorpak's transactional banking facilities expire in January 2016, and will be subject to the normal annual review prior to the end of the calendar year with the intention of extending these facilities. The core debt financing facilities expire in January 2017 and 2018.

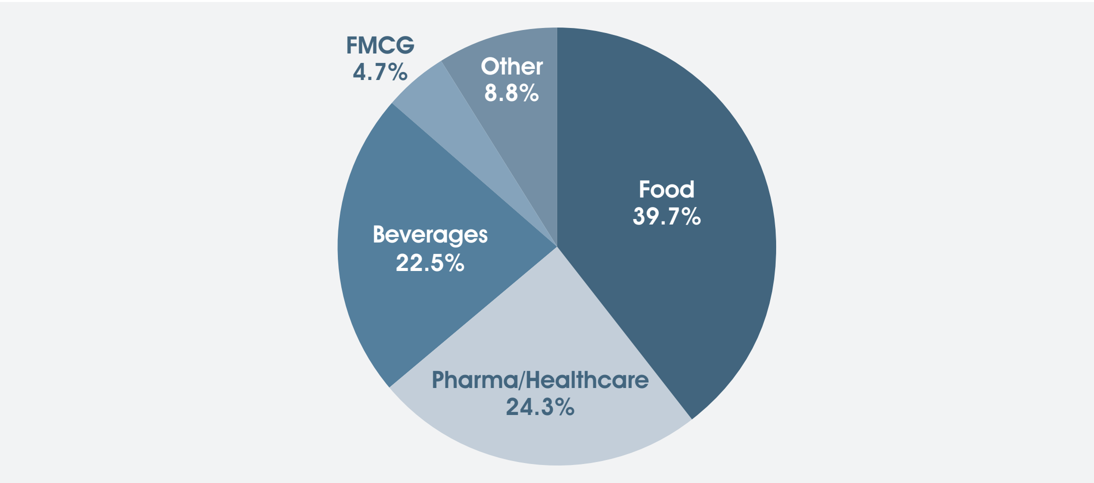
Directors' Report

Operating Activities

- The group manufactures folding cartons, paper cups /lids, leaflets, blister / lidding foils, self-adhesive labels, sachets, point-of-sale displays, printed lithographic, flexographic or digitally.
- Brandpack – The packaging architects – provide packaging solution design, output, consulting, management, full digital asset management services, and manufacture a wide range of pre press consumables used by flexographic and lithographic end users.

Manufacturing operations are based in Australia (Braeside and Regents Park) and New Zealand (Penrose).

The major market segments from which revenues are earned are represented in the following chart:



The Australian and New Zealand folding carton markets continue to be competitive. In recent years there has been an increased prevalence of competition from imported sources, predominately being imports that are fully packed, having once been goods produced and packaged in Australia. This evolved directly as a result of a sustained high $A exchange rate in the last two years. We expect to see some reversal of this trend given the recent retraction of the $A back to towards more "normal" levels. Colorpak's business model is predicated on the highest quality, lowest cost, world's best practice manufacture of printed components. Historic and future generation of returns to shareholders has been, and remains, dependent on maintaining close relationships with customers and providing a consistent quality product. Tightly controlled input costs, and the most efficient allocation of labour against volume demands is the balance that is made every day to ensure maximum recovery of overheads. Carefully implemented investments in cutting edge technologies also underpin sustainability of margins to generate consistent shareholder returns.

The diversity of market segments and customers within those segments underpins the defensive nature of the group's revenue streams. Customer concentration risk also remains low, with only one customer comprising in excess of 10% of group revenue. That customer, having been a solid business partner for approximately nine years, represents 15% of group revenues.

2015 has been dominated by the final major Victorian rationalisation with the closure of the Mt Waverley site and transfer of its operations to Braeside being completed in May 2015. The project progressed very well, with the majority of staff and machinery relocated prior to Christmas 2014. A combined Victorian operation has provided the opportunity to de-commission some older equipment and the opportunity was taken to upgrade the printing capability by purchasing a new Roland 700 6-colour press, which was commissioned in February 2015.

The size and scale of the Victorian rationalisation, coupled with softness in volumes in some of the customer base did not allow the underlying profit to rise above the pcp. The company has previously advised the market that this was expected to be the case and that the full benefits of the Victorian rationalisation will not be achieved until FY15. The resultant miss to profitability was a little more pronounced than had been expected due in the most part to inefficiency in operations during the disruption of the move. A crucial focus has been to preserve the model of customer service excellence without exception.

In NSW, focus on staff and operator training continues following completion of the NSW rationalisation. Ties with the legacy CHH site at Villawood, NSW, were severed with an agreement that saw the early surrender of that site to the landlord in January 2014.

Directors' Report

The group's pharmaceutical market niche remains in great shape and our offer was enhanced during the year with the successful commissioning of a new digital press in the NSW division. This cutting edge technology is a unique offering to the market and will better equip customers with short run, quick turnaround jobs enabling greater speed to market. The group's long-term supply position to the industry is supported by robust compliance systems and a service culture developed over two decades in collaboration with the pharmaceutical sector.

The Paper Cup division is performing very well and a small investment has been made to increase capacity in one large moving product line. The challenge with this division is its seasonal nature, with the bulk of output pitched to the local ice-cream market. The group is working very closely with customers to extend the product capability beyond ice-cream, as well as to build volume in ice-cream to offshore markets in the quiet season.

Brandpack has continued to grow by further investment in flexo plate-making technology enabling advantage to be taken of structural changes that have occurred in that sector. As a point of difference, the group's offering to the folding carton sector which includes structural, graphic design, virtual supermarket technology, digital asset management perspective, is not matched by any other competitor in the Australian/New Zealand market.

The industrial relations climate remains relatively harmonious throughout the group with the first of the EBA renegotiations well progressed after year-end. Further EBA's are due for renegotiation at Regents Park and Penrose (NZ) prior to the end of the 2014 calendar year. Wage outcomes are expected to be more modest than in recent years given a more subdued CPI environment, along with more modest outcomes being recommended and implemented by industry peers and manufacturing industry bodies.

The group's safety record continues to be in a strong position with Regents Park setting a high group benchmark with 1,948 Lost Time Injury days free at the end of June 2015.

The group's customer base remains stable. The business environment in which customers operate remains competitive. The majority of the group's customers compete in a global market. This has seen some fast moving consumer goods customers suffer from import replacement after a sustained period of an unusually high $A exchange rate. Customers remain vigilant for cost savings, and the group collaborates innovatively with them to keep their products relevant, attractive, and assists with speed of delivery to market for new products.

Structural changes in the group's business during the last four years have been rapid and significant. The group's business is positioned with a solid foundation to rebuild stronger returns in the coming years.

Directors' Report

Shareholder Returns

The company has delivered the following returns to shareholders:

	2015	2014	2013	2012	2011
Basic earnings per share (cents) – Reported	**4.02**	**(16.18)**	9.19	(3.96)	19.56
Basic earnings per share (cents) – Underlying[1]	**4.31**	**4.64**	9.19	9.39	8.70
Return on assets (%)	**2.7**	**(10.1)**	5.3	(2.1)	9.9
Return on equity (%)	**5.9**	**(21.1)**	11.0	(4.7)	24.3
Gearing (debt / debt+equity) (%)	**34.7**	**41.3**	31.5	36.7	31.8
Dividend payout ratio (%)[3]	**62.9**	**(21.6)**	38.1	(82.1)	16.7
Total shareholder return (%)[2]	**(43.4)**	**(5.7)**	33.3	(16.1)	60.9
Available franking credits ($000)	**4,717**	**5,391**	7,004	8,466	7,087

(1) The underlying result excludes restructuring and business combination transactions and asset / goodwill impairment charges.

(2) Includes dividends paid during the year only (excludes the final dividend). Based on the share price of $0.415 at 30 June 2015.

(3) The dividend payout ratio excludes any reinvestment of dividends under the DRP.

Asset and Capital Structure

	2015 $000	2014 $000
Debt		
Interest-bearing loans and borrowings	**31,446**	39,373
Cash and cash equivalents	**(3)**	(3)
Net debt	**31,443**	39,370
Total equity	**59,235**	55,926
Total capital employed	**90,678**	95,296
Gearing (debt/debt+equity)	**34.7%**	41.3%

The group's balance sheet remains strong as a consequence of consistent earnings performance and strong cash flows. The group does not have a firm established policy however a long-term gearing range of 25% – 50% is considered appropriate.

Treasury

A profile of the group's debt finance is as follows:

	2015 $000	2014 $000
Current		
Bank overdraft	**1,446**	1,188
Trade finance	**–**	185
	1,446	1,373
Non-current		
Bank loans – secured by debenture security	**30,000**	38,000
Trade finance	**–**	–
	30,000	38,000
	31,446	39,373

Directors' Report

The group had $13,436,000 in cash and immediately draw-able overdraft and bill facilities at 30 June 2015 (2014: $11,662,000). There are no debt repayment requirements on the group's core bill facilities before January 2017, at which time those facilities are expected to be renewed. The group continues to generate steady cash flows and the group's capacity to create business development opportunities continues to improve.

90% of the group's drawn debt was fixed at 30 June 2015 with a relatively even reduction in fixed debt exposures across the years 2016 to 2018. The group has a policy of reviewing and adjusting its level of debt that is subject to fixed interest rates periodically in response to prevailing market conditions.

Investments for Future Performance

With the completion of the Victorian site integration head count reduced by 13 over the year, with the bulk of this reduction being in the latter part of 2015, and as consequence full year labour costs in 2016 will be approximately $1,000,000 below those for 2015 due to this reduction. Delayed efficiency gains from the combined Victorian operation came through strongly in the last quarter of the 2015 financial year. Continuation of these gains are expected to flow during FY2016.

Capital expenditures in 2016 are expected to be below $2,000,000, with no major equipment upgrades planned. The next twenty four months we expect a light capital expenditure regime.

Business Strategies and Prospects for Future Financial Performance

The material business risks faced by the group that are likely to have an effect on the financial prospects of the group include:

- fluctuations in demand volumes;
- Australian businesses moving their manufacturing operations offshore;
- increased competition;
- technological change;
- changes to alternate packaging materials;
- the occurrence of force majeure events by significant suppliers;
- increasing costs of operations, including labour costs;
- the availability of debt finance at economic rates; and
- changed operating, market or regulatory environments as a result of climate change.

The above list does not necessarily represent an exhaustive list and it may be subject to change based on underlying market events.

The group's business strategy is to be the premier quality manufacturer and solution provider to folding carton users in the Australian and New Zealand markets. Industry rationalisation is likely to be an important feature of the industry in the face of lower than international standard returns and a fragmented marketplace.

Directors' Report

Dividend

The company is pleased to announce a final dividend of 1.25 cents per share, fully franked, which will be paid on 7 October 2015. This brings the full year dividend for 2015 to 2.50 cents per share, fully franked. The dividend payout ratio is 62.9% (excluding dividends reinvested under the DRP) measured against reported NPAT (2014: (21.6)%). Based on the share price at 30 June 2015 of 41.5 cents, this provides a dividend yield of 6.0%, fully franked.

The company will be offering shareholders the opportunity to reinvest their final dividend back into the company through the acquisition of company shares under the rules of the established dividend reinvestment plan.

Significant Changes in the State of Affairs

Directors do not consider that there were any significant changes in the state of affairs of the group that occurred during the financial year that require reporting beyond that which is reported in the financial statements.

Significant Events after the Balance Date

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- the group's operations in future financial years; or
- the results of those operations in future financial years; or
- the group's state of affairs in future financial years.

Likely Developments and Future Results

Apart from the commentary in the Future Financial Performance section above, the directors have excluded from this report any further information on the likely developments in the operations of the group and the expected results of those operations in future financial years, as directors consider that it would be likely to result in unreasonable prejudice to the group.

Directors' Report

Remuneration Report (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the company.

For the purposes of this report, the term "executive" encompasses the Managing Director, executive directors, senior executives and secretary of the company.

Remuneration Philosophy

The performance of the company depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives.

To this end, the company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- structure a significant portion of executive remuneration as variable "at risk", being dependent upon meeting pre-determined performance benchmarks; and
- establish appropriate demanding performance hurdles in relation to variable executive remuneration.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and the senior management team.

The Nomination and Remuneration Committee assesses the appropriateness of the nature and the amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The board seeks to set aggregate remuneration at a level which provides the group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was agreed at the company's 2011 Annual General Meeting, when the shareholders approved an aggregate remuneration cap of $500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers market data on the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a single fee covering their membership of the board and the committees on which they serve. Additional fees are paid to non-executive directors who chair the board and its committees to reflect their extra workload and in accordance with market practice.

Non-executive directors are encouraged by the board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company on whose board they sit.

The non-executive directors do not receive retirement benefits, apart from statutory superannuation payments as appropriate, nor do they participate in any incentive programs.

Directors' Report

Remuneration Report (audited) (continued)

The remuneration of non-executive directors for the period ending 30 June 2015 is detailed in the table on page 21 of this Annual Report.

Executive Director and Senior Manager Remuneration

Objective

The group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the group and so as to:

- reward executives for group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with strategic goals and performance of the group; and
- ensure total remuneration is competitive by market standards.

Structure

A fixed term employment contract has been entered into with the Managing Director and details of this contract are provided on page 20. All other senior managers have employment contracts with no fixed term.

Remuneration consists of the following key elements:

- Fixed Remuneration; and
- Variable Remuneration, offered in the form of a Short Term Incentive (STI).

The proportion of fixed remuneration and variable remuneration (potential short term incentives) is established for each senior executive by the Nomination and Remuneration Committee and approved by the board.

The table on page 21 details the fixed and variable components of all key management personnel.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee and the process consists of a review of individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The committee has access to external advice independent of management.

Structure

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans, each being subject to compliance with relevant taxation laws. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the group.

The fixed remuneration component of all key management personnel is detailed on page 21.

Variable remuneration – Long Term Incentive (LTI)

The group does not currently have in place a LTI program.

Variable Remuneration – Short-term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the group's operational targets with the remuneration received by the executives charged with meeting those targets, thus putting an element of the executives' remuneration *"at risk"*. The total potential STI available is set at a level so as to provide sufficient incentive to the senior executive to achieve the operational targets and such that the cost is reasonable in the circumstances.

Structure

The company has established a Senior Executive Incentive Scheme (SEIS) – comprising a Performance Rights Plan (PRP) and an Executive Incentive Plan – Cash (EIP). Incentives under the SEIS may take the form of entitlements

Directors' Report

Remuneration Report (audited) (continued)

to cash or shares, at the election of the board. The board has approved rules to allow the SEIS to take effect in these two forms, referred to as the PRP and the EIP. The PRP and EIP may be offered together or separately, at the board's discretion.

Under the PRP, eligible executives identified by the board may be granted performance rights (each being an entitlement to a share, subject to the satisfaction of performance conditions) on terms and conditions determined by the board. If the performance conditions are satisfied, the performance rights vest and shares will be delivered to the executive. The PRP has not been activated at the date of this report.

Under the EIP, eligible executives identified by the board may become entitled to a cash incentive, on terms and conditions (including performance criteria) determined by the board. If the terms and conditions are met, the executive becomes entitled to a cash incentive payment. The board will identify senior executives who are eligible to participate in the SEIS.

Actual STI payments granted to each senior executive depend on the extent to which specific operating targets set at the beginning of the financial year are met. 80% of the STI is tied to operating targets for financial performance, based on achievement of pre-determined operating profit before tax. The operating profit benchmark has been used because it drives short term performance, aligning executive short term interests with shareholders' interests. 15% of the STI is tied to individual senior executive objectives. 5% of the STI is tied to the group's performance on safety benchmarks in recognition of the importance that the group places on the physical workplace and employee wellbeing. The aggregate of annual STI payments available for executives across the group is subject to board approval on the recommendation of the Nomination and Remuneration Committee.

Variable Remuneration – Short Term Incentive (STI)

The board had suspended the EIP for 2015 and has subsequently determined that no discretion will be exercised for 2015. The STI was in operation for the 2014 year, though no incentive was payable as the performance targets were not achieved.

In respect of the 2016 year, the board has reinstated the STI component of the EIP and will be offered to eligible senior executives. The key elements of the 2016 STI are as follows:

- The financial performance condition, for an incentive to become payable, is subject to achievement of the 2016 Board approved budget.
- No financial performance incentive will become payable unless this condition is achieved.
- In the event that an STI becomes payable then this will be settled as follows:
  - via the issue of company shares; with
  - 50% of the issued shares subject to a 12 month escrow; however
  - the Board reserves its right to pay cash in lieu of shares (in whole or in part) depending on the prevailing circumstances.

Employment Contracts

The Managing Director, Mr A. Commins is employed under contract with the company. The current employment contract terminates on 31 August 2018, prior to which the company may enter into a new employment contract with the Managing Director. Under the terms of the present contract:

- The Managing Director has agreed not to compete with the company during the period of his employment and for a period of up to five years after any cessation of his employment;
- The Managing Director may resign from his position and thus terminate his contract at any time within six months of expiry of his contract by giving six months written notice. On resignation, subject to the board's discretion, rights to any STI where the entitlement has not then crystallised will be forfeited;
- The company may terminate the Managing Director's employment agreement by providing six months written notice or provide payment in lieu of the notice period (based on the fixed component of the Managing Director's remuneration). Having regard to the nature of the termination, the board may in its discretion pay some or all of the STI in circumstances where the entitlement has not then crystallised; and
- The company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

Ms C. Cleary, Mr D. Johnson and Mr S. Nicholls are each employed under open ended agreements, the terms and conditions of which are commercial relative to people holding similar positions in other organisations.

Directors' Report

Remuneration Report (audited) (continued)

Compensation of Key Management Personnel

		Short-term benefits			Post employment	Long-term benefits		
		Base salary $	Non monetary $	Cash STI $	Super-annuation $	Leave benefits $	Total $	Performance related %
Non-Executive Directors								
G. Willis	**2015**	**127,963**	**–**	**–**	**–**	**–**	**127,963**	**–**
(Chairman)	2014	127,963	–	–	–	–	127,963	–
B. Constance	**2015**	**40,714**	**–**	**–**	**3,868**	**–**	**44,582**	**–**
	2014	53,684	–	–	10,298	–	63,981	–
D. Heaney	**2015**	**39,765**	**–**	**–**	**34,880**	**–**	**74,645**	**–**
	2014	45,550	–	–	29,095	–	74,645	–
I. Wightwick	**2015**	**68,169**	**–**	**–**	**6,476**	**–**	**74,645**	**–**
	2014	42,603	–	–	32,042	–	74,645	–
Executive Directors								
A. Commins	**2015**	**391,927**	**48,724**	**–**	**23,350**	**8,475**	**472,476**	**–**
(Managing Director)	2014	406,481	48,724	–	24,656	6,887	486,748	–
Executive Officers								
C. Cleary	**2015**	**182,259**	**8,227**	**–**	**29,183**	**7,204**	**226,873**	**–**
(Nat. HR & IR Manager)	2014	187,023	7,614	–	24,965	3,336	222,938	–
H. Commins[(1)]	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(National Mfg Mgr)	2014	278,378	11,957	–	4,341	1,199	295,875	–
D. Johnson	**2015**	**320,712**	**20,368**	**–**	**18,783**	**11,045**	**370,908**	**–**
(General Mgr – NSW)	2014	321,607	16,472	–	17,736	4,499	360,314	–
S. Nicholls	**2015**	**266,609**	**11,059**	**–**	**35,869**	**7,135**	**320,672**	**–**
(CFO & Co. Secretary)	2014	273,279	18,695	–	25,000	4,295	321,269	–

(1) H Commins ceased with the company on 6 September 2013.

Executives are those directly accountable and responsible for the operational management and strategic direction of the group.

The only change in the Key Management Personnel between the end of the financial year and the date of the financial report has been the appointment of Sid Troiani as the CFO on 6 July 2015 following the retirement of Stephen Nicholls.

Cash STI's attributable to each year are payable within seven days of the announcement of the group's results to the market.

Directors' Report

Remuneration Report (audited) (continued)

Shareholdings of KMP

	Balance at beginning of year 1 July 2014	Granted as Remuneration	Other Movements	Balance at end of year 30 June 2015
(i) Directors				
G Willis	263,221	–	13,490	276,711
A Commins	5,781,714	–	296,298	6,078,012
B Constance	80,119	–	4,015	84,134
D Heaney	828,000	–	42,433	870,433
I Wightwick	100,000	–	5,125	105,125
(ii) Executives				
C Cleary	500	–	–	500
D Johnson	1,500	–	53	1,553
S Nicholls	–	–	–	–

Other transactions and balances with KMP

Key management personnel, or their related entities, conducted transactions with the company that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity or specified executives at arm's length in similar circumstances.

Director's Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

		Meetings of Committees	
	Director's Meetings	Audit, Risk Management and Compliance	Nomination and Remuneration
Number of meetings held:	13	3	1
Number of meetings attended:			
G Willis	13	3	1
A Commins	13	–	–
B Constance	10	3	1
D Heaney	13	3	1
I Wightwick	12	3	1

Indemnification and Insurance of Directors and Officers

Since the end of the previous financial year, the company has paid insurance premiums in respect of a directors' and officers' liability insurance contract insuring against certain liabilities (subject to exclusions) all current and former officers of the company, including all directors named in this report, the company secretary and all persons concerned in, or taking part in the management of, the company, former directors and officers who have retired or relinquished their positions.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

Directors' Report

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2015 may be accessed from the Company's website at http://www.colorpak.com.au/corporate-governance.

Rounding

The amounts contained in this report and in the 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 Independence and Non-Audit Services

Independence Declaration

The directors received an independence declaration from the company's auditors, Ernst & Young, which is attached immediately following the auditor's opinion.

Non-Audit Services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	$
Tax compliance services	44,656
Other assurance services	–

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

G.L. Willis
Chairman

A. Commins
Managing Director

Braeside
28 August 2015

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2015

	Note	**2015 $000**	2014 $000
Revenue	5	**161,177**	161,902
Other income		**11**	–
Changes in inventories of finished goods and work in progress		**1,531**	1,049
Raw materials and consumables used		**(71,871)**	(71,538)
Employee benefits expense	5	**(53,173)**	(54,669)
Depreciation and amortisation		**(4,951)**	(4,735)
Impairment of non-current assets	5	**(239)**	(15,000)
Other indirect manufacturing costs		**(14,431)**	(14,355)
Occupancy costs		**(6,452)**	(5,642)
Other expenses		**(3,946)**	(3,871)
Profit/(loss) before tax, restructure related transactions and finance costs		**7,656**	(6,859)
Finance costs	5	**(2,581)**	(2,748)
Profit/(loss) before income tax and restructure related transactions		**5,075**	(9,607)
Restructure related transactions	5	**–**	(2,818)
Profit/(loss) before income tax		**5,075**	(12,425)
Income tax expense from continuing operations		**(1,703)**	(1,609)
Income tax benefit on restructure related transactions		**–**	846
Total income tax expense	6	**(1,703)**	(763)
Net profit/(loss) for the period		**3,372**	(13,188)
Other comprehensive income			
Cash flow hedges to be reclassified subsequently to the income statement			
– Net gain/(loss) taken to equity		**21**	136
– Income tax expense on items of other comprehensive income	6	**(6)**	(41)
Foreign currency translation to be reclassified subsequently to the income statement		**(67)**	17
Other comprehensive income for the period, net of tax		**(52)**	112
Total comprehensive income for the period		**3,320**	(13,076)
Earnings per share (cents per share)			
Basic and diluted on profit/(loss) for the year attributable to ordinary equity holders of the company	7	**4.02**	(16.18)

Consolidated Statement of Financial Position
as at 30 June 2015

	Note	2015 $000	2014 $000
Assets			
Current assets			
Cash and cash equivalents	9	**3**	3
Trade and other receivables	10	**25,045**	26,229
Inventories	11	**27,719**	26,010
Income tax receivable		**416**	28
Other current assets	12	**1,599**	1,478
Total current assets		**54,782**	53,748
Non-current assets			
Property, plant and equipment	13	**39,674**	42,937
Goodwill and intangible assets	14	**31,134**	31,134
Deferred income tax asset	6	**660**	2,375
Total non-current assets		**71,468**	76,446
Total assets		**126,250**	130,194
Liabilities			
Current liabilities			
Trade and other payables	15	**23,859**	22,541
Interest-bearing loans and borrowings	16	**1,446**	1,373
Provisions	17	**7,823**	7,672
Derivative financial instruments	19	**193**	15
Total current liabilities		**33,321**	31,601
Non-current liabilities			
Interest-bearing loans and borrowings	16	**30,000**	38,000
Provisions	17	**3,325**	4,098
Derivative financial instruments	19	**369**	569
Total non-current liabilities		**33,694**	42,667
Total liabilities		**67,015**	74,268
Net assets		**59,235**	55,926
Equity			
Contributed equity	18	**41,948**	39,484
Retained profits		**17,838**	16,941
Reserves		**(551)**	(499)
Total equity		**59,235**	55,926

Consolidated Statement of Cash Flows

for the year ended 30 June 2015

	Note	2015 $000 Inflows/ (Outflows)	2014 $000 Inflows/ (Outflows)
Cash flows from/(used in) operating activities			
Receipts from customers		**179,300**	178,117
Payments to suppliers and employees		**(166,401)**	(170,732)
Interest received	5	**24**	30
Income taxes refunded		**(388)**	409
Borrowing costs		**(2,613)**	(2,779)
Net cash flows from / (used in) operating activities (before restructure related transactions)		**9,922**	5,045
Restructure related transactions		**–**	(2,765)
Net cash flows from/(used in) operating activities	9	**9,922**	2,280
Cash flows from / (used in) investing activities			
Proceeds from sale of property, plant and equipment		**35**	689
Purchase of property, plant and equipment		**(2,019)**	(6,360)
Net cash flows from/(used in) investing activities		**(1,984)**	(5,671)
Cash flows from/(used in) financing activities			
Repayment of finance lease principal		**(185)**	(1,061)
Proceeds / (repayment) of borrowings		**(8,000)**	6,575
Proceeds from share issue	18(b)	**1,054**	–
Share issue costs		**(11)**	–
Payment of dividends	18(b)	**(1,054)**	(2,854)
Net cash flows from/(used in) financing activities		**(8,196)**	2,660
Net increase/(decrease) in cash and cash equivalents held		**(258)**	(731)
Cash and cash equivalents at the beginning of the year		**(1,185)**	(454)
Cash and cash equivalents at the end of the year	9	**(1,443)**	(1,185)

Consolidated Statement of Changes in Equity
as at 30 June 2015

	Attributable to equity holders of the company				
	Contributed equity $000	Retained profits $000	Cash flow hedge reserve $000	FX translation reserve $000	Total equity $000
At 1 July 2014	**39,484**	**16,941**	**(408)**	**(91)**	**55,926**
Profit / (loss) for the period	**–**	**3,372**	**–**	**–**	**3,372**
Other comprehensive income	**–**	**–**	**15**	**(67)**	**(52)**
Total comprehensive income for the period	**–**	**3,372**	**15**	**(67)**	**3,320**
Transactions with owners in their capacity as owners:					
Shares issued	**2,475**	**–**	**–**	**–**	**2,475**
Share issue costs	**(11)**	**–**	**–**	**–**	**(11)**
Dividends paid	**–**	**(2,475)**	**–**	**–**	**(2,475)**
At 30 June 2015	**41,948**	**17,838**	**(393)**	**(158)**	**59,235**
At 1 July 2013	39,484	32,983	(503)	(108)	71,856
Profit / (loss) for the period	–	(13,188)	–	–	(13,188)
Other comprehensive income	–	–	95	17	112
Total comprehensive income for the period	–	(13,188)	95	17	(13,076)
Transactions with owners in their capacity as owners:					
Shares issued	–	–	–	–	–
Dividends paid	–	(2,854)	–	–	(2,854)
At 30 June 2014	39,484	16,941	(408)	(91)	55,926

Notes to the Consolidated Financial Statements
30 June 2015

1. Corporate Information

The consolidated financial statements of Colorpak Limited and its subsidiary (collectively, the group) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 28 August 2015.

Colorpak Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. Colorpak is a "for-profit" entity.

The nature of the operations and principal activities of the group are described in note 4.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report has also been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Colorpak Limited and its subsidiary, Colorpak NZ Limited, as at and for the period ended 30 June each year (the group). Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The group's voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

Basis of Consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the group, its impact is described below.

No new and amended Australian Accounting Standards and AASB Interpretations have had an impact on the presentation of the group's financial statements during the year.

New and amended Australian Accounting Standards and AASB Interpretations applicable to the 2015 financial year that did not have any impact on the accounting policies, financial position or performance of the group were:

- AASB 2012-3 Offsetting Financial Assets and Financial Liabilities, effective 1 July 2014;
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, effective 1 July 2014;
- AASB 2014-1 Amendments to Australian Accounting Standards arising from Annual Improvements 2010-2012 Cycle, effective 1 July 2014.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(b) New Accounting Standards and Interpretations (continued)

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ending 30 June 2015 are outlined in the following table.

Ref	Title	Summary	Applictn date of standard*	Impact on financial report	Applictn date for group*
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: – The change attributable to changes in credit risk are presented in other comprehensive income (OCI) – The remaining change is presented in profit or loss	1 January 2018	No material impact	1 July 2018

Notes to the Consolidated Financial Statements

30 June 2015

2. Summary of Significant Accounting Policies (continued)

(b) New Accounting Standards and Interpretations (continued)

Ref	Title	Summary	Applictn date of standard*	Impact on financial report	Applictn date for group*
AASB 9	Financial Instruments	AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.			
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	No material impact	1 July 2016
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation	1 January 2017	No material impact	1 July 2017 Note A

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(b) New Accounting Standards and Interpretations (continued)

Ref	Title	Summary	Applictn date of standard*	Impact on financial report	Applictn date for group*
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: Servicing contracts – clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. Applicability of the amendments to AASB 7 to condensed interim financial statements – clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: Discount rate: regional market issue – clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	No material impact	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	No material impact	1 July 2016

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(b) New Accounting Standards and Interpretations (continued)

Ref	Title	Summary	Applictn date of standard*	Impact on financial report	Applictn date for group*
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	No material impact	1 July 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 Disclosure of Interests in Other Entities and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 July 2015	No material impact	1 July 2015

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

** These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments are noted in the financial statements.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(c) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(i) Significant accounting judgements

Apart from judgements involving estimations, management has not made any other significant accounting judgements.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of non-financial assets other than goodwill

The group assesses impairment of all assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If any impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Impairment of goodwill

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating unit to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 14.

Long service leave provision

As discussed in note 2(n), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), and lease terms (for leased equipment and leasehold improvements). In addition, the condition of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 13.

Provision for make-good

The group has recognised provisions for make-good obligations on exit of each of its premises leases. In determining the fair value of these provisions, the group has obtained valuations from independent third party experts. The carrying amount of the provisions at 30 June 2015 was $2,243,000 (2014: $2,418,000).

Provision for unfavourable leases

As part of the identification and measurement of assets and liabilities for the acquisition of the CHH folding carton operations, the group has recognised provisions for onerous leases reflecting the excessive rent being paid on certain properties. In determining the fair value of these provisions, the group has obtained valuations from independent third party experts regarding the commercial rents that would be expected to be paid at the date of acquisition on similar properties with similar lease terms and conditions. The carrying amount of the provisions at 30 June 2015 was $616,000 (2014: $1,360,000).

Notes to the Consolidated Financial Statements

30 June 2015

2. Summary of Significant Accounting Policies (continued)

(c) Significant Accounting Judgements, Estimates and Assumptions (continued)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. These include the determination of purchase consideration on the Carter Holt Harvey acquisition in March 2011 which has been calculated in accordance with the accounting standard, AASB 3: Business Combinations, and has been adopted for the preparation of the company's tax return and deferred tax position purposes. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The group has tax loss carry forwards amounting to $1,936,092 (2014: $6,706,000) that have arisen because of the restructure activities undertaken in the 2012 and 2014 financial years. The group has a history of strong profitability and expects these losses, which do not expire, to be absorbed against future taxable income in the short term.

Further details on taxes are disclosed in note 6.

(d) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(e) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(f) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the statement of comprehensive income when the liabilities are de-recognised and as well as through the amortisation process.

Borrowing costs shall be recognised as an expense in the period in which they are incurred.

(g) Trade and Other Receivables

Trade receivables, which generally have 30 – 60 days terms from the end of the month of invoice, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written-off when identified. An impairment provision is recognised where there is objective evidence that the group will not be able to collect the receivable. Financial difficulties of the debtor as supported by an inability to pay over a prolonged period, the award of court judgement against the debtor or the debtor going in to administration or liquidation are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost plus other directly attributable costs on a first-in, first-out basis. Raw materials include equipment spares which are expected to be consumed within the next 12 months;
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(i) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

All assets are depreciated over their useful economic lives commencing from the time the asset is held ready for use. The residual value and the useful life of an asset shall be reviewed at least at the end of each annual reporting period and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

Depreciation rates used for each class of assets vary according to the estimated useful lives at the time of acquisition, and are typically:

Class of fixed asset	Depreciation rates	Method
Leasehold improvements	Varying over lease term	Straight-line
Computers and office equipment	20 – 30 %	Straight-line
Motor vehicles	18.75 – 22.5 %	Straight-line
Plant and equipment	7.5 – 20 %	Straight-line
Furniture, fixtures and fittings	3.8 – 60 %	Straight-line
Deferred Make Good	Varying over lease term	Straight-line

Notes to the Consolidated Financial Statements

30 June 2015

2. Summary of Significant Accounting Policies (continued)

(i) Property, Plant and Equipment (continued)

Impairment

An explanation of the policy on impairment of property, plant and equipment is set out in note 2(k).

De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset or its disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is de-recognised.

(j) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the group's cash-generating unit that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to that unit. Each unit to which the goodwill is so allocated represents the lowest level within the group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(k) Impairment of Assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(k) Impairment of Assets (continued)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case then the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(l) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Employee Leave Benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages, salaries and superannuation, including non-monetary benefits expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for annual leave is recognised in the current provision for employee benefits and is measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(o) Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(p) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(r) Borrowing Costs

Borrowing costs are recognised as an expense when incurred unless they relate to a qualifying asset in which case they are capitalised.

(s) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred in respect of the transaction can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue is recognised upon the delivery of the service to customers. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(s) Revenue (continued)

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(t) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(u) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(v) Derivative Financial Instruments

The group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, these hedges are classified as cash flow hedges as they hedge the exposure to the variability in cash flows attributable to changes in interest rates attached to bank loans. Gains or losses arising from the re-measurement of the hedging instrument of derivatives that qualify for cash flow hedge accounting are deferred to a separate component of equity until such time as the underlying exposure is recognised in the statement of comprehensive income.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recognised immediately in the statement of comprehensive income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

(w) Financial Instruments – Initial Recognition and Subsequent Measurement

(i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The group has not designated any financial assets at fair value through profit or loss.

The group evaluates its financial assets held for trading (if any), other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the group may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(w) Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

Financial assets at fair value through profit or loss (continued)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit and loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables are non-derivative financial assets carried at amortised cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the company could be required to repay.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The group has not designated any financial liability as at fair value through profit or loss.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(w) Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(x) Foreign Currency Translation

The consolidated financial statements are presented in Australian dollars (A$), which is also the company's functional currency. The New Zealand subsidiary's functional currency is New Zealand dollars (NZ$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(y) Fair Value Measurement

The group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Consolidated Financial Statements
30 June 2015

2. Summary of Significant Accounting Policies (continued)

(y) Fair Value Measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Financial Risk Management Objectives and Policies

The group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, finance leases and hire purchase contracts and cash.

The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The group also enters into derivative transactions, being exclusively interest rate swaps, the purpose being to manage the interest rate risks arising from the group's operations and its sources of finance. The main risks arising from the group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

Risk Exposures and Responses

The sensitivity analyses in the following sections relate to the position as at 30 June 2015 and 2014.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 30 June 2015.

The analyses exclude the impact of movements in market variables on the carrying values of the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The statement of financial position sensitivity relates to derivatives;
- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and liabilities held at 30 June 2015 and 2014 including the effect of hedge accounting; and
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges at 30 June 2015 for the effects of the assumed changes of the underlying risk.

Notes to the Consolidated Financial Statements
30 June 2015

3. Financial Risk Management Objectives and Policies (continued)

Risk Exposures and Responses (continued)

Interest rate risk

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long term debt obligations with a floating interest rate.

The level of debt is disclosed in note 16.

At balance date, the group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2015 $000	2014 $000
Financial assets		
Cash and cash equivalents	**3**	3
Financial liabilities		
Bank overdrafts	**(1,446)**	(1,188)
Bank loans	**(3,000)**	(11,000)
	(4,446)	(12,188)
Net exposure	**(4,443)**	(12,185)

Interest rate swap contracts outlined in note 19, with a fair value of ($562,000) (2014: ($569,000)), are exposed to fair value movements if interest rates change.

The group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The group's policy is to keep more than 50% of its borrowings at fixed rates of interest. To manage this mix in a cost-efficient manner, the group enters into interest rate swaps, in which the group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 30 June 2015, after taking into account the effect of interest rate swaps, approximately 90% of the group's borrowings are at a fixed rate of interest.

The group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. It is the group's policy that trading in financial instruments would only be undertaken in special circumstances.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date:

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(lower)		Equity Higher/(lower)	
	2015 $000	2014 $000	**2015 $000**	2014 $000
+ 1% (100 basis points)	**(21)**	(77)	**301**	400
- 0.5% (50 basis points)	**11**	39	**(128)**	(293)

The movements in profit are due to higher aggregate variable rate debt at the end of the year compared to the prior year that is not covered by interest rate swaps. The movement in equity is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges. The sensitivity has moved marginally between 2015 and 2014.

Notes to the Consolidated Financial Statements
30 June 2015

3. Financial Risk Management Objectives and Policies (continued)

Risk Exposures and Responses (continued)

Foreign currency risk

The group buys virtually all materials and assets in A$ and the New Zealand subsidiary in NZ$ and accordingly rarely has foreign currency derivatives in place at balance date. At 30 June 2014 the group had entered into three forward currency trades in respect of the purchase of capital assets were settled in the 2015 financial year. These forward currency trades were to hedge against exchange movements that would impact the purchase price of the respective assets.

At 30 June 2015, if exchange rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(lower)		Equity Higher/(lower)	
	2015 $000	2014 $000	**2015 $000**	2014 $000
AUD/EURO + 10%	**–**	–	**–**	34
AUD/EURO – 5%	**–**	–	**–**	(4)

The group had three forward hedge contracts in existence at the end of 2014. Management consider that the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Price risk

The group's net exposure to commodity price risk is considered to be fairly minimal.

Credit risk

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The group trades only with recognised, creditworthy third parties.

It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the group.

Since the group trades predominantly with recognised third parties, there is no requirement for collateral.

Liquidity risk

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

The group's policy is that not more than 25% of trade finance / hire purchase and bank loans should mature in any 12-month period. At 30 June 2015, $1,446,000 of the group's trade finance / hire purchase and bank loans will mature in less than one year (2014: $1,373,000).

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities, including derivative financial instruments as at 30 June 2015. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2015.

Notes to the Consolidated Financial Statements
30 June 2015

3. Financial Risk Management Objectives and Policies (continued)

Risk Exposures and Responses (continued)

The remaining contractual maturities of the group's financial liabilities are:

	< 6 months $000	6–12 months $000	1–5 years $000	> 5 years $000	Total $000
Year ended 30 June 2015					
Interest bearing loans and borrowings	**1,446**	–	**30,000**	–	**31,446**
Derivatives	**46**	**147**	**369**	–	**562**
Trade and other payable	**23,859**	–	–	–	**23,859**
Bank guarantees	–	–	**1,358**	–	**1,358**
	25,351	**147**	**31,727**	–	**57,225**
Year ended 30 June 2014					
Interest bearing loans and borrowings	1,373	–	38,000	–	39,373
Derivatives	15	–	569	–	584
Trade and other payable	22,541	–	–	–	22,541
Bank guarantees	–	–	1,358	–	1,358
	23,929	–	39,927	–	63,856

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the group's ongoing operations such as plant, equipment and investments in working capital (eg, inventories and trade receivables). These assets are considered in the group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the group has established comprehensive risk reporting covering its business operations that reflects expectations of management of expected settlement of financial assets and liabilities.

Year ended 30 June 2015	< 6 months $000	6–12 months $000	1–5 years $000	> 5 years $000	Total $000
Financial assets					
Cash and cash equivalents	**3**	–	–	–	**3**
Trade and other receivables	**25,044**	–	–	–	**25,044**
	25,047	–	–	–	**25,047**
Financial liabilities					
Trade and other payables	**23,859**	–	–	–	**23,859**
Interest-bearing loans and borrowings	**1,446**	–	**30,000**	–	**31,446**
Derivatives	**46**	**147**	**369**	–	**562**
	25,351	**147**	**30,369**	–	**55,867**
Net maturity	**(304)**	**(147)**	**(30,369)**	–	**(30,820)**

Notes to the Consolidated Financial Statements
30 June 2015

3. Financial Risk Management Objectives and Policies (continued)

Risk Exposures and Responses (continued)

Year ended 30 June 2014	< 6 months $000	6–12 months $000	1–5 years $000	> 5 years $000	Total $000
Financial assets					
Cash and cash equivalents	3	–	–	–	3
Trade and other receivables	26,229	–	–	–	26,229
	26,232	–	–	–	26,232
Financial liabilities					
Trade and other payables	22,541	–	–	–	22,541
Interest bearing loans and borrowings	1,373	–	38,000	–	39,373
Derivatives	15	–	569	–	584
	23,929	–	38,569	–	62,498
Net maturity	2,303	–	(38,569)	–	(36,266)

The group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow. At balance date, the group has approximately $13,436,000 (2014: $11,662,000) of unused credit facilities available for its immediate use.

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

4. 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 group 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 year 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 note 2 to the accounts and in the prior period except as detailed below.

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.

Major Customers

The group has a single customer that contributes external revenues in excess of 10% of the group's revenues (being 15%). In 2014 there was also a single customer above 10%, aggregating to 16% of external revenues.

Notes to the Consolidated Financial Statements
30 June 2015

4. Segment Information (continued)

Geographic Spread

	2015 Australia $000	2015 New Zealand $000	2015 Total $000	2014 Australia $000	2014 New Zealand $000	2014 Total $000
Revenues	**138,810**	**22,367**	**161,177**	139,410	22,492	161,902
Net profit /(loss) for the period	**3,432**	**(60)**	**3,372**	(13,801)	613	(13,188)
Total Assets	**118,589**	**7,661**	**126,250**	121,031	9,163	130,194

5. Revenues and Expenses

(a) Specific Items

Profit/(loss) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the group:

	2015 $000	2014 $000
(i) Revenue		
Sales to external customers	**159,592**	160,207
Interest from unrelated persons	**24**	30
Other revenues from external customers	**1,561**	1,665
	161,177	161,902
(ii) Expenses		
Finance costs		
Interest paid or payable to unrelated persons	**2,580**	2,647
Finance charges under onerous contracts	**–**	50
Finance charges payable under finance leases and hire purchase contracts	**1**	51
Total finance costs expensed	**2,581**	2,748
Lease payments included in statement of comprehensive income		
Minimum lease payments – operating leases	**4,924**	4,613
Other expenses includes:		
Doubtful debts	**(30)**	88
Employee benefits expense includes:		
Superannuation	**3,702**	3,816
Senior executive incentive plan	**–**	(7)
Other salary and wages and on-costs	**49,471**	50,860
Total employee benefits expense	**53,173**	54,669
Impairment of non-current assets	**239**	15,000

Notes to the Consolidated Financial Statements
30 June 2015

5. Revenues and Expenses (continued)

(a) Specific Items (continued)

The impairment charge for 2015 relates to the mothballing of equipment whilst the impairment charge for 2014 relates to the goodwill impairment charge that was taken on the reassessment of the recoverable amount of goodwill which involved a re-evaluation of conditions specific to the group that included product and manufacturing performance, technology, economic and political environments and future product expectations. The recoverable amount of the goodwill asset was determined based on value in use calculations, which incorporated a number of key estimates and assumptions that are discussed in note 14.

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 financial statements:

	2015 $000	2014 $000
Restructuring related transactions		
Redundancies	–	1,084
Premises provisions	–	520
Moving costs	–	862
Impairment of non-current assets	–	202
Loss on disposal of equipment	–	150
Total restructuring costs	–	2,818

(b) Seasonality of Operations

The group experiences some seasonality in relation to demand for its product, with sales in the first half 53% of annual sales (2014: 55%).

6. Income Tax

The major components of income tax expense are:

Income Statement

	2015 $000	2014 $000
Current income tax		
Current income tax charge	**1,500**	(1,122)
Adjustments in respect of current income tax of previous years	**1**	(1)
Deferred income tax		
Relating to origination and reversal of temporary differences	**202**	1,886
Income tax expense / (credit) reported in the statement of comprehensive income	**1,703**	763

Notes to the Consolidated Financial Statements
30 June 2015

6. Income Tax (continued)

Statement of Changes in Equity

	2015 $000	2014 $000
Deferred income tax related to items charged or credited directly to equity		
Net gain / (loss) on revaluation of cash flow hedges	**6**	41
Income tax expense / (credit) reported in equity	**6**	41

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the group's applicable income tax rate is as follows:

Accounting profit/(loss) before income tax	**5,075**	(12,425)
Tax expense / (credit) at the company's statutory income tax rate (30%)	**1,522**	(3,728)
• De-recognition of NZ tax losses	**280**	–
• Adjustments in respect of current income tax of previous years	**1**	(1)
• Difference in tax rate of foreign subsidiary	**(6)**	(17)
• Discount on acquisition	**(105)**	–
• Impairment of goodwill	**–**	4,500
• Expenditure not allowable for income tax purposes	**11**	9
Income tax expense / (credit) reported in the statement of comprehensive income	**1,703**	763

Deferred Income Tax

Deferred income tax at 30 June relates to:

	Balance sheet		Income statement	
	2015 $000	2014 $000	**2015 $000**	2014 $000
Deferred income tax assets				
Doubtful debts	**–**	9	**–**	(11)
Inventory provisions	**57**	75	**2**	(13)
Employee benefits	**2,478**	2,389	**–**	(133)
Accruals	**1,110**	1,430	**(281)**	(1,706)
Acquisition costs	**–**	–	**–**	(4)
Restructure costs	**50**	146	**–**	(133)
Interest swaps (cash flow hedges)	**169**	175	**–**	–
Tax losses	**581**	2,000	**–**	–
Gross deferred income tax assets	**4,445**	6,224		
Deferred income tax liabilities				
Accelerated depreciation for tax purposes	**(3,785)**	(3,849)	**77**	114
Gross deferred income tax liabilities	**(3,785)**	(3,849)		
Deferred income tax charge			**(202)**	(1,886)
Net deferred tax asset	**660**	2,375		

Notes to the Consolidated Financial Statements
30 June 2015

7. Earnings Per Share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2015	2014
Basic and diluted earnings per share (cents per share)	**4.02**	(16.18)
Weighted average number of ordinary shares used in the calculation of basic and dilutive earnings	**83,705,498**	81,537,151
Net profit / (loss) used in the calculation of basic and diluted earnings per share ($000)	**3,372**	(13,188)

Subscription or Issues After 30 June 2014

The company's dividend reinvestment plan will be offered in conjunction with the company's final dividend amounting to $1,071,447 that will be paid on 7 October 2015. New shares will be issued on the dividend payment date to the extent that shareholders elect to participate in the dividend reinvestment plan.

Apart from the above statement, there have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

8. Dividends Paid and Proposed

(a) Recognised Amounts

	2015 $000	2014 $000
Declared and paid during the year:		
Dividends on ordinary shares:		
Final franked dividend for 2014: 1.75 cents (2013: 1.75 cents)	**1,427**	1,427
Interim franked dividend for 2015: 1.25 cents (2014: 1.75 cents)	**1,048**	1,427
	2,475	2,854

(b) Unrecognised Amounts:

Dividends on ordinary shares:		
Final franked dividend for 2015: 1.25 cents (2014: 1.75 cents)	**1,071**	1,427
	1,071	1,427

Notes to the Consolidated Financial Statements
30 June 2015

8. Dividends Paid and Proposed (continued)

	2015 $000	2014 $000
Franking Credit Balance:		
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance as at the end of the financial year at 30% (2014: 30%)	**4,717**	5,391
• Franking credits that will arise / (be lost) from the payment / (receipt) of income tax payable / receivable as at the end of the financial year	**(416)**	(28)
Amount of franking credits available for future reporting periods	**4,301**	5,363
• Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	**(459)**	(612)
	3,842	4,751

The tax rate at which paid dividends have been franked is 30%.
Dividends proposed will be franked at the rate of 30%.

Notes to the Consolidated Financial Statements
30 June 2015

9. Cash and Cash Equivalents

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 30 June 2015, the group had available $13,436,000 (2014: $11,662,000) of cash and undrawn committed borrowing facilities in respect of which conditions precedent had been met.

Reconciliation to Statement of Cash Flows

	Note	2015 $000	2014 $000
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:			
Cash on hand		**3**	3
Cash at bank – with overdraft facility	16	**(1,446)**	(1,188)
Closing cash balance		**(1,443)**	(1,185)

Reconciliation of Net Profit/(Loss) After Tax to the Net Cash Flows from Operations

	2015 $000	2014 $000
Net profit/(loss)	**3,372**	(13,188)
Adjustments for non-cash items:		
Depreciation of non-current assets	**4,951**	4,735
Impairment of property, plant and equipment	**239**	202
Impairment of goodwill	**–**	15,000
Net (profit) / loss on disposal of plant and equipment	**(11)**	165
Changes in assets and liabilities:		
Decrease/(Increase) in assets:		
Trade and other receivables	**1,184**	(807)
Inventories	**(1,709)**	(2,619)
Prepayments (1)	**68**	(90)
Derivative financial instruments (2)	**–**	–
(Decrease)/Increase in liabilities:		
Trade payables	**3,271**	2,355
Provisions	**(744)**	(7,249)
Other payables (1)	**(1,953)**	2,514
Income tax payable	**(388)**	408
Deferred income tax liabilities	**1,709**	701
FX translation differences on working capital	**(67)**	153
Net cash from operating activities	**9,922**	2,280

(1) The movement in prepayments excludes $189,000 (2014: $944,000) and other payables $Nil (2014: $249,000) net movement on property, plant and equipment.

(2) The movement in Derivative Financial Instruments excludes $21,000 (2014: $179,000) in interest swaps and forward exchange contracts taken directly to reserves.

Disclosure of Financing Facilities – refer to note 16.

Disclosure of Non-cash Financing and Investing Activities – refer to note 13(ii).

Notes to the Consolidated Financial Statements
30 June 2015

10. Trade and Other Receivables

	Note	2015 $000	2014 $000
Trade receivables		**24,852**	26,046
Allowance for impairment loss	(a)	**–**	(30)
		24,852	26,016
Other receivables		**193**	213
Total current receivables		**25,045**	26,229

(a) Allowance for Impairment Loss

Trade receivables are non interest-bearing and generally on 30 or 60 day terms. A provision for impairment loss is recognised when there is objective evidence that a trade receivable is impaired. Financial difficulties of the debtor as supported by an inability to pay over a prolonged period, the award of court judgment against the debtor or the debtor going in to administration or liquidation are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows. An impairment loss of $Nil (2014: $30,000) has been recognised for specific debtors for which such evidence exists. The amount of the impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

Movements in the provision for impairment loss were as follows:

At 1 July 2014	**30**	67
Charge for the year	**(30)**	88
Foreign currency translation	**–**	–
Amounts written-off	**–**	(125)
At 30 June 2015	**–**	30

At 30 June 2015, the ageing analysis of trade receivables is as follows:

0 – 30 days		**17,222**	15,616
31 – 60 days		**2,634**	3,943
31 – 60 days	Past due not impaired	**4,063**	5,641
61 – 90 days	Past due not impaired	**603**	542
90+ days	Past due not impaired	**330**	258
90+ days	Considered impaired	**–**	46
At 30 June 2015		**24,852**	26,046

Receivables past due but not considered impaired are $4,996,000 (2014: $6,441,000). Payment terms on these amounts have not been renegotiated although credit has been stopped until full payment is made in limited instances. The group has been in direct contact with the relevant debtors and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(b) Fair Value and Credit Risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the group's policy to transfer (on-sell) receivables to special purpose entities.

(c) Interest Rate Risk

Details regarding the effective interest rate and credit risk of current receivables is disclosed in note 3.

Notes to the Consolidated Financial Statements
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11. Inventories

	2015 $000	2014 $000
Raw materials, stores and spares at lower of cost and net realisable value	**13,905**	13,726
Work in progress at cost	**4,126**	3,627
Finished goods at net realisable value	**9,688**	8,657
Total inventories at the lower of cost and net realisable value	**27,719**	26,010

12. Other Current Assets

	2015 $000	2014 $000
Prepayments	**1,374**	1,443
Deposits on plant and equipment	**225**	35
Total prepayments	**1,599**	1,478

13. Property, Plant and Equipment

	Leasehold improve-ments $000	Computers & office equipment $000	Motor vehicles $000	Plant & equipment $000	Furniture, fixtures & fittings $000	Total $000
Year ended 30 June 2015						
At 1 July 2014, net of accumulated depreciation and impairment	**3,804**	**1,074**	**18**	**37,901**	**140**	**42,937**
Additions	**301**	**127**	**–**	**1,518**	**5**	**1,951**
Disposals	**–**	**–**	**–**	**(24)**	**–**	**(24)**
Impairment	**–**	**–**	**–**	**(239)**	**–**	**(239)**
Depreciation charge for the year	**(489)**	**(763)**	**(4)**	**(3,666)**	**(29)**	**(4,951)**
At 30 June 2015, net of accumulated depreciation	**3,616**	**438**	**14**	**35,490**	**116**	**39,674**
At 1 July 2014						
Cost	5,016	4,653	204	61,489	338	71,700
Accumulated depreciation and impairment	(1,212)	(3,579)	(186)	(23,588)	(198)	(28,763)
Net carrying amount	3,804	1,074	18	37,901	140	42,937
At 30 June 2015						
Cost	**5,196**	**4,247**	**199**	**62,554**	**329**	**72,525**
Accumulated depreciation and impairment	**(1,580)**	**(3,809)**	**(185)**	**(27,064)**	**(213)**	**(32,851)**
Net carrying amount	**3,616**	**438**	**14**	**35,490**	**116**	**39,674**

Notes to the Consolidated Financial Statements

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13. Property, Plant and Equipment (continued)

	Leasehold improve-ments $000	Computers & office equipment $000	Motor vehicles $000	Plant & equipment $000	Furniture, fixtures & fittings $000	Total $000
Year ended 30 June 2014						
At 1 July 2013, net of accumulated depreciation and impairment	2,630	1,805	23	35,552	137	40,147
Additions	1,737	99	–	6,710	35	8,581
Disposals	–	(1)	–	(853)	–	(854)
Impairment	(175)	–	–	(27)	–	(202)
Depreciation charge for the year	(388)	(829)	(5)	(3,481)	(32)	(4,735)
At 30 June 2014, net of accumulated depreciation	3,804	1,074	18	37,901	140	42,937
At 1 July 2013						
Cost	3,279	4,585	204	56,254	303	64,625
Accumulated depreciation and impairment	(649)	(2,780)	(181)	(20,702)	(166)	(24,478)
Net carrying amount	2,630	1,805	23	35,552	137	40,147
At 30 June 2014						
Cost	5,016	4,653	204	61,489	338	71,700
Accumulated depreciation and impairment	(1,212)	(3,579)	(186)	(23,588)	(198)	(28,763)
Net carrying amount	3,804	1,074	18	37,901	140	42,937

(i) All property, plant and equipment has been pledged as security under a fixed charge pursuant to a debenture security administered by National Australia Trustees Limited (see note 16). The terms of the security preclude assets:

1. Being sold unless being replaced by an asset providing a similar function; and
2. Being used as security for further mortgages, without the prior approval of the lender.

(ii) Leasehold improvements include deferred make good assets with a written down value at 30 June 2015 of $959,984 (2014: $969,000).

Impairment of Property, Plant and Equipment

The group incurred $239,000 in impairment losses during the year (2014: $202,000).

Notes to the Consolidated Financial Statements

30 June 2015

14. Goodwill and Intangible Assets (non-current)

	Goodwill $000	Brand name $000	Total $000
Year ended 30 June 2015			
At 1 July 2014, net of impairment losses	**31,134**	–	**31,134**
Impairment losses	–	–	–
At 1 July 2015, net of impairment losses	**31,134**	–	**31,134**
At 30 June 2015			
Cost (gross carrying value)	**46,134**	–	**46,134**
Impairment losses	**(15,000)**	–	**(15,000)**
Net carrying value	**31,134**	–	**31,134**

Impairment Testing of Goodwill

Goodwill acquired through business combinations has been allocated to a single cash generating unit for impairment testing because any allocation to location operations would be considered arbitrary. The group manages its operations at the group level, and business units actively cross-refer customers, which sees consequential profits which are not separately identifiable carried amongst the business units.

The recoverable amount of the cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management for the following year.

The pre-tax discount rate applied to cash flow projections is 10.6% (2014: 15.92%) and the long term growth rate used to extrapolate the cash flows beyond the five year period is 2.5% (2014: 2.5%).

Key assumptions used in value in use calculations for 30 June 2015 and 30 June 2014

The following describes each key assumption on which management has based its cash flow projections when determining the value in use:

- Budgeted gross margins – the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements as well as known factors impacting the following year;
- Capital expenditure has been projected at the budget for 2016 for the following four years. Capital expenditure beyond year five is projected to be equivalent to annual depreciation;
- Discount rates – discount rates reflect management's estimate of the time value of money and the risks specific to the company. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to the ten year government bond rate as a proxy for the risk-free rate at the beginning of the budgeted year;
- Raw material price inflation – it has been assumed that any price increases in raw materials will be passed through to customers as this is typical of contracts in place;
- Market share assumptions – there has been no significant projected change in market share; and
- Growth rate estimates – a growth rate of 2.5% pa has been used as the long-term rate to extrapolate the budget.

Sensitivity to changes in assumptions

For the goodwill annual impairment test, the estimated recoverable amount exceeds its carrying value and, consequently, adverse changes in key assumptions are required before the carrying value of the CGU materially exceeds its recoverable amount.

In isolation, if all other assumptions remain the same, the estimated recoverable amount of the CGU will equal its carrying value when there is an increase of 200 basis points in the discount rate, or a decrease of 225 basis points in the growth rate.

Notes to the Consolidated Financial Statements

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15. Trade and Other Payables (current)

	2015 $000	2014 $000
Unsecured liabilities		
Trade payables	**15,648**	12,377
Other payables	**8,211**	10,164
Total trade and other payables	**23,859**	22,541

(a) Fair Value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Related Party Payables

For terms and conditions relating to related party payables refer to note 24.

(c) Interest Rate, Foreign Exchange and Liquidity Risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 3.

16. Interest-bearing Loans and Borrowings

	Note	2015 $000	2014 $000
Current			
Secured liabilities			
Bank overdraft	(i)	**1,446**	1,188
Bank loan	(ii) (iii)	**–**	–
Obligations under finance leases and hire purchase contracts	20(b)	**–**	185
Total current interest-bearing liabilities		**1,446**	1,373
Non-current			
Secured liabilities			
Bank loans	(ii) (iii)	**30,000**	38,000
Obligations under finance leases and hire purchase contracts	20(b)	**–**	–
Total non-current interest-bearing liabilities		**30,000**	38,000

(i) Bank overdrafts are provided under facilities with the National Australia Bank Limited and the Bank of New Zealand, with an aggregate facility limit of $3,054,000 at 30 June 2015 (2014: $3,106,000). These facilities expire on 31 January 2016 and it is anticipated that the facilities will be extended in the normal course of business. The average interest rate on the facility amounts applicable at 30 June 2015 was 10.70% (2014: 10.56%) plus a line fee of 2.10%.

(ii) Bank loans are provided under facilities with the National Australia Bank Limited and the Bank of New Zealand with an aggregate facility limit of $41,828,000 at 30 June 2015 (2014: $47,744,000). These facilities are split into 2 tranches with the first tranche of $25,328,000 expiring on 31 January 2017 and the second tranche of $16,500,000 expiring on 31 January 2018. There is no ongoing repayment requirement on the loan facilities and it is anticipated that the facilities will be extended in the normal course of business prior to expiry. The average interest rate payable at 30 June 2015 on the fixed and floating bills under these facilities was 6.00% (2014: 6.10%), inclusive of bank margins.

(iii) All interest-bearing liabilities are secured by a fixed and floating charge over the group's assets.

16. Interest-bearing Loans and Borrowings (continued)

Notes to the Consolidated Financial Statements
30 June 2015

(a) Fair Values

The carrying amount of the current and non-current borrowings approximate their fair value.

The group has potential financial liabilities which may arise from certain contingencies disclosed in note 20. However the directors do not expect those potential financial liabilities to crystallise into obligations and therefore financial liabilities disclosed in the above table are the directors' estimate of amounts that will be payable by the group. No material losses are expected and as such, the fair values disclosed are the directors' estimate of amounts that will be payable by the group

(b) Interest Rate, Foreign Exchange and Liquidity Risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 3.

(c) Assets Pledged as Security

The carrying amounts of assets pledged as security for current and non-current interest-bearing liabilities are:

	2015 $000	2014 $000
Current		
Floating Charge		
Cash and cash equivalents	**3**	3
Receivables	**25,045**	26,229
Inventories	**27,719**	26,010
Income tax receivable	**416**	28
Prepayments	**1,599**	1,478
Total current assets pledged as security	**54,782**	53,748
Non-current		
Floating charge		
Plant and equipment	**39,674**	42,937
Goodwill and intangible assets	**31,134**	31,134
Deferred income tax asset	**660**	2,375
Total non-current assets pledged as security	**71,468**	76,446
Total assets pledged as security	**126,250**	130,194

The terms and conditions relating to the financial assets are as follows:

Cash and cash equivalents are pledged against the bank overdraft on an ongoing floating basis for the term of the bank overdrafts maturity.

Receivables, inventories and plant and equipment are pledged against secured bank loans on a floating basis for the terms of the various secured loans.

(d) Defaults and Breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

Notes to the Consolidated Financial Statements

30 June 2015

16. Interest-bearing Loans and Borrowings (continued)

Financing Facilities Available

At reporting date, the following financing facilities had been negotiated and were available:

30 June 2015	Accessible $000	Drawn down $000	Unused $000
Bank bills	**41,828**	**30,000**	**11,828**
Trade finance / equipment loan	**–**	**–**	**–**
Overdraft	**3,054**	**1,446**	**1,608**
Bank guarantees	**3,128**	**1,358**	**1,770**

30 June 2014	Accessible $000	Drawn down $000	Unused $000
Bank bills	47,744	38,000	9,744
Trade finance / equipment loan	185	185	–
Overdraft	3,106	1,188	1,918
Bank guarantees	1,800	1,358	442

Security and Conditions

The facilities are secured by debenture security administered by National Australia Trustees Limited (see note 13(i)).

The group must comply with conditions based on the following criteria:

- a financial charges covenant;
- a leverage covenant;
- maintenance of a minimum level of shareholder funds; and
- maximum limit on dividend distributions (net of dividend reinvestment plan) without prior bank approval.

Facility Review

These facilities are provided by the National Australia Bank Limited and the Bank of New Zealand. Subject to annual review and unless otherwise extended, the bank guarantee and overdraft facilities expire on 31 January 2016, the first tranche of the bank bill facility expires on 31 January 2017 with the second tranche expiring on 31 January 2018. The trade finance / equipment loan facility expired on 26 August 2014.

Notes to the Consolidated Financial Statements
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17. Provisions

	2015 $000	2014 $000
Current		
Employee leave benefits	**7,228**	7,024
Unfavourable leases	**595**	648
Total current provisions	**7,823**	7,672
Non-current		
Employee leave benefits	**1,061**	968
Unfavourable leases	**21**	712
Property make-good	**2,243**	2,418
Total non-current provisions	**3,325**	4,098

For a description of the nature and timing of cash flows associated with the above provisions, refer to section (b) below.

(a) Movements in Provisions

Movements in each class of provision during the financial year, other than provisions related to employee benefits, are set-out below:

	Restructure provision $000	Unfavourable leases $000	Property make-good $000	Total $000
At 1 July 2014	–	**1,360**	**2,418**	**3,778**
Additional provisions	–	–	**122**	**122**
Payments	–	**(644)**	–	**(644)**
FX translation	–	**(20)**	**(12)**	**(32)**
Released	–	**(80)**	**(285)**	**(365)**
At 30 June 2015	–	**616**	**2,243**	**2,859**
Current 2015	–	**595**	–	**595**
Non-current 2015	–	**21**	**2,243**	**2,264**
	–	**616**	**2,243**	**2,859**

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17. Provisions (continued)

(b) Nature and Timing of Provisions

Unfavourable leases

The purchased folding carton operations held contracts with various landlords at fixed prices for a certain period. As at the acquisition date, these prices were not at market rates and were considered unfavourable. As part of the business combination accounting, these unfavourable lease contracts were assigned a fair value of $6,685,000 and recognised as a liability. Following the early termination of the Villawood and Mt Waverley leases, there remains only one lease which expires in August 2016. The unfavourable amount of that lease is being amortised over the remaining term of that lease.

Property make-good

In accordance with lease agreements on the acquired properties, the group must restore, at the end of each lease term, the respective leased premises to their conditions at the commencement of those leases. A review of the provisions was conducted in December 2013 following receipt of a third party valuation and resulted in an increase in the provision through the creation of a deferred asset which is being amortised over the term of the lease.

Because of the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred.

18. Contributed Equity and Reserves

This note should be read in conjunction with the Statement of Changes in Equity shown on page 27 of this Annual Report.

(a) Issued and Paid-up Capital:

	2015 $000	2014 $000
Ordinary shares	**41,948**	39,484
Total contributed equity	**41,948**	39,484

(b) Movements in Ordinary Shares on Issue

The company issued 2,339,181 shares at $0.61 each on 8 October 2014 in settlement of the final franked dividend for the financial year 30 June 2014, comprising 1,587,851 shares to shareholders who participated in the Company's dividend reinvestment plan (DRP) and 751,330 shares to underwriters of the DRP who reinvested the shortfall amount of $458,311.

The company issued 1,839,395 shares at $0.57 each on 1 April 2015 in settlement of the final franked dividend for the half year 31 December 2014, comprising 794,430 shares to shareholders who participated in the Company's dividend reinvestment plan (DRP) and 1,044,965 shares to underwriters of the DRP who reinvested the shortfall amount of $595,630.

(c) Shares Under Escrow

As at 30 June 2015, there were no ordinary shares subject to voluntary escrow.

(d) Terms and Conditions of Contributed Equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Notes to the Consolidated Financial Statements
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18. Contributed Equity and Reserves (continued)

(e) Nature and Purpose of Reserves

Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Foreign currency translation

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record gains and losses on hedges of the net investments in foreign operations.

(f) Capital Management

When managing capital, the company's objective is to ensure that it continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The company also aims to maintain a capital structure that ensures a relatively low cost of capital available to the company.

The company considers periodically adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. In response to changing market conditions, the company may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2015 the company issued 4,178,576 shares in settlement of both the final and interim franked dividend comprising 2,382,281 shares to shareholders who participated in the Company's dividend reinvestment plan (DRP) and 1,796,295 shares to underwriters of the DRP who reinvested the shortfall amount of $1,053,941.

Note 7 outlines the company's decision to fully underwrite the dividend reinvestment plan which was offered in conjunction with the company's final dividend for the 2014 financial year and the interim dividend for the 2015 year. The dividend reinvestment plan will be offered with the company's final dividend for the 2015 financial year.

The company monitors capital through the gearing ratio (net debt / debt + equity). The target for the company's gearing ratio is between 25% to 50%. The gearing ratios at 30 June 2015 and 30 June 2014 were as follows:

	2015 $000	2014 $000
Interest-bearing loans and borrowings	**31,446**	39,373
Cash and cash equivalents	**(3)**	(3)
Net debt	**31,443**	39,370
Total equity	**59,235**	55,926
Total capital employed	**90,678**	95,296
Gearing (debt / debt+equity)	**34.7%**	41.3%

The company is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements
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19. Derivative Financial Instruments

	2015 $000	2014 $000
Current liabilities		
Interest rate swap contracts – cash flow hedges	**193**	15
	193	15
Non-current liabilities		
Interest rate swap contracts – cash flow hedges	**369**	569
	369	569

(a) Instruments Used by the Group

Derivative financial instruments are used by the group in the normal course of business in order to hedge exposure to fluctuations in interest rates.

Interest rate swaps – cash flow hedges

Interest-bearing loans of the group currently bear a variable interest rate of 2.09%. In order to protect against rising interest rates the group 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 in place cover approximately 90% (2014: 71%) of the principal outstanding and are timed to expire at selected dates over the next three years, with the earliest expiry being August 2015. The fixed interest rates range between 3.25% and 4.79% (2014: 3.25% and 4.79%) and the comparable variable rate based on the 90 day bank bill rate at balance date was 2.15% (2014: 2.71%). In addition, a margin over the bill and fixed rates are payable to the banks.

At 30 June 2015, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	2015 $000	2014 $000
0–1 years	**13,000**	–
1–2 years	**7,000**	13,000
2–3 years	**7,000**	7,000
3–5 years	**–**	7,000
5+ years	**–**	–
	27,000	27,000

The interest rate swaps require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. All swaps are matched directly against the appropriate loans and interest expense and as such are considered highly effective. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributable to the hedged risk are taken directly to equity and reclassified into profit and loss when the interest expense is recognised.

Movement in cash flow hedge reserve

	2015 $000	2014 $000
Opening balance	**(408)**	(503)
Transferred to the statement of comprehensive income	21	136
Charged to Equity:		
(Decrease)/increase in value of interest swaps	**(6)**	(41)
Closing balance	**(393)**	(408)

Notes to the Consolidated Financial Statements
30 June 2015

19. Derivative Financial Instruments (continued)

(a) Instruments Used by the Group (continued)

The group has entered into interest rate swap contracts that are timed to expire at selected dates over the next three years, with the earliest expiry being August 2015. The interest rates relevant to these swaps are set out above under the heading, *Interest rate swaps – cash flow hedges*.

The value of the reserve held at 30 June 2015 has increased in the twelve months by $15,000 primarily due to the shortening term to maturity for the remaining swaps, despite a reduction in variable interest rates on bank bills over the past twelve months.

Valuation technique

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including interest rate curves and forward rate curves. As at 30 June 2015, the marked-to-market value of derivative liability positions is net of a debit valuation adjustment attributable to derivative counterparty default risk. For these financial instruments, significant inputs into models are market observable and are included within Level 2. No transfers between the levels have occurred during the period.

(b) Interest Rate Risk

Information regarding interest rate risk exposure is set out in note 3.

(c) Credit Risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the contracted arrangements. The group's maximum credit risk exposure in relation to these is limited to the fair value of the interest rate swap and foreign currency forward contract agreements, which at the reporting date was $562,000 (2014: $583,000).

20. Commitments and Contingencies

(a) Capital Expenditure Commitments

At 30 June 2015 the group has nil commitments contracted for but not recognised as liabilities (2014: $nil).

(b) Trade Finance Commitments

Future minimum payments under trade finance contracts together with the present value of the net minimum payments are as follows:

	2015		2014	
	Minimum payments $000	**Present value of payments $000**	Minimum payments $000	Present value of payments $000
Within one year	–	–	185	184
After one year but not more than five years	–	–	–	–
Total minimum payments	–		185	
Less amounts representing finance charges	–		(1)	
Present value of minimum payments	–	–	184	184

Trade finance contracts are entered into as means of funding the acquisition of certain items of plant and equipment and leasehold improvements.

Notes to the Consolidated Financial Statements
30 June 2015

20. Commitments and Contingencies (continued)

(c) Operating Lease Commitments

The group has entered into operating leases as a means of acquiring access to warehouse and office space and to lease motor vehicles. Rental payments are generally fixed subject to inflation escalation clauses. Operating leases over premises typically contain renewal options appropriate for the nature of the business conducted. Operating leases contain no restrictions on financing or other leasing activities.

Operating leases are non-cancellable, contracted for, but not capitalised in the financial statements.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2015 $000	2014 $000
Not later than one year	**4,820**	4,834
Later than one year but not later than five years	**7,113**	12,439
Later than five years	**6,393**	9,442
Aggregate operating lease expenditure contracted for at reporting date	**18,326**	26,715

(d) Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:

	2015 $000	2014 $000
Within one year	**480**	480
After one year but not later than five years	**1,040**	80
Aggregate remuneration commitments contracted for at reporting date	**1,520**	560

Amounts disclosed as remuneration commitments include commitments arising from executive director and executive service contracts referred to in note 24 that are not recognised as liabilities and are not included in the directors' or executives' remuneration for the current year. The contract for Mr A. Commins expires on 31 August 2018.

(e) Guarantees and Indemnities

The group has the following guarantees at 30 June 2015:

An indemnity agreement has been entered into with each officer of the group in respect of expenses and liabilities they incur in their official capacities. No monetary limit applies to this agreement, and no known obligations have emerged as a result of this agreement.

Bank guarantees under premises leases total $1,358,000 (2014: $1,358,000).

(f) Contingent Assets and Liabilities

On 4 February 2014 the company received a letter demanding $807,000 from the liquidators of one of the company's former customers, alleging that cash receipts from the relevant customer were voidable unfair preferences. The company considers that $434,000 could not be an unfair preference as the amounts were pre-payments and no debtor / creditor relationship existed. The company further believes that it has a complete defence in regard to the balance claimed, being $373,000, and will vigorously defend any action if brought by the liquidators.

Notes to the Consolidated Financial Statements
30 June 2015

21. Related Party Disclosures

(a) Subsidiaries

The consolidated financial statements include the financial statements of Colorpak Limited and the subsidiary listed in the following table:

		% Equity interest		Investment $000	
Name	Country of incorporation	**2015**	2014	**2015**	2014
Colorpak NZ Limited	New Zealand	**100**	100	**–**	–

(b) Key Management Personnel (KMP)

Details relating to KMP, including remuneration paid, are included in note 24.

(c) Other Related Party Transactions

Other than referred to above and identified in note 24, there were no other related party transactions.

22. Auditor's Remuneration

The auditor of Colorpak Limited is Ernst & Young.

	2015 $	2014 $
Amounts received or due and receivable, by Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	**211,800**	217,500
Other services in relation to the entity and any other entity in the consolidated group, included in the Income Statement:		
• Tax compliance	**23,000**	28,000
• Other assurance services	**–**	–
Other services, not included in the Income Statement	**–**	–
	234,800	245,500
Amounts received or due and receivable, by related practices of Ernst & Young (Australia) for:		
Other services in relation to an overseas subsidiary included in the Income Statement:		
• Tax compliance	**21,656**	7,594
	256,456	253,094
Amounts received or due and receivable, by non Ernst & Young audit firms for:		
Non audit services	**–**	–

23. Events After the Reporting Period

No significant events material to 30 June 2015 have arisen since that date.

Notes to the Consolidated Financial Statements
30 June 2015

24. Key Management Personnel (KMP)

(a) Details of KMP

(i) Directors

G Willis	Chairman
A Commins	Managing Director and CEO
B Constance	Director (non-executive) (resigned 11 March 2015)
D Heaney	Director (non-executive)
I Wightwick	Director (non-executive)

(ii) Executives

C Cleary	National HR & IR Manager
D Johnson	General Manager – NSW
S Nicholls	Company Secretary
S Troiani	Chief Financial Officer (appointed 6 July 2015)

There were no changes of the CEO with the only change in key management personnel between the reporting date and the date of the financial report being the appointment of Sid Troiani as the CFO following the retirement of Stephen Nicholls.

(b) Compensation of KMP

	2015 $	2014 $
Short-term employee benefits	**1,526,496**	1,843,181
Post employment benefits	**152,409**	168,132
Other long-term benefits	**33,859**	17,065
Total compensation	**1,712,764**	2,028,378

25. Information Relating to Colorpak Limited

	2015 $000	2014 $000
Current assets	**49,184**	47,425
Total assets	**118,589**	121,031
Current liabilities	**29,369**	26,274
Total liabilities	**63,067**	68,940
Issued capital	**41,949**	39,484
Retained earnings	**13,967**	13,015
Reserves	**(394)**	(408)
	55,522	52,090
Profit or loss of parent entity	**3,432**	(13,802)
Total comprehensive income of the parent entity	**3,443**	(13,707)

Colorpak Limited
Directors' Declaration

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

1. In the opinion of the directors:
   (a) The consolidated financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of Colorpak Limited for the financial year ended 30 June 2015 are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
   (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued disclosed in note 2(a); and
   (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

On behalf of the board

Geoff Willis

G.L. Willis
Chairman

Alex Commins

A. Commins
Managing Director

Braeside
28 August 2015

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Independent Auditor's Report to the members of Colorpak Limited

Report on the financial report

We have audited the accompanying financial report of Colorpak Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

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Opinion

In our opinion:

a. the financial report of Colorpak Limited is in accordance with the *Corporations Act 2001*, including:
   - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
   - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Colorpak Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Jacob Gossan
Partner
Melbourne
28 August 2015

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Auditor's Independence Declaration to the Directors of Colorpak Limited

In relation to our audit of the financial report of Colorpak Limited for the year ended 30 June 2015, 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.

Ernst & Young

Jacob Gossan
Partner
Melbourne
28 August 2015

ASX Additional Information

Additional information required by the ASX Limited and not shown elsewhere in this report, together with other relevant information for shareholders, is set-out below. The information is current as at 17 August 2015.

Stock Exchange Listings

Colorpak Limited shares are quoted on the Australian Securities Exchange.

Website

A copy of the company's announcements and ASX releases, as well as information on its business, can be found at the company's internet site: www.colorpak.com.au.

Annual Report

To request an Annual Report, telephone 1 300 554 474 or visit the website. Email: snicholls@colorpak.com.au

Share Registrar

Link Market Services Limited.
Level 12, 680 George Street
Sydney, NSW, 2000
www.linkmarketservices.com.au

Escrow

There were no shares subject to escrow arrangements at 30 June 2015.

Shareholder Transactions

Approval for share trading by directors requires prior permission from the Chairman. Permission will not be given to sell if the transaction is considered prejudicial to the interests of the company and its shareholders. Approval for share trading by executives and senior management requires prior permission from the Managing Director.

Permission to trade in the company's shares is most likely to be given during the four weeks following the release of the half yearly and the annual results and the Annual General Meeting. Any employee who is in possession of price sensitive information which has not been made public will not be permitted to trade.

Distribution of Shareholdings

The number of ordinary shareholders by size of holding are:

Size of holding	Number of holders	Number of shares
1 to 1,000	294	215,210
1,001 to 5,000	268	826,739
5,001 to 10,000	153	1,263,050
10,001 to 100,000	426	14,970,851
100,001 and over	51	68,439,874
Total	1,192	85,715,724
The number of shareholders holding less than a $500 marketable parcel of shares	140	61,210

ASX Additional Information (continued)

Voting Rights

All ordinary shares issued by the company carry one voting right per share without restriction.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

	Name	Number of ordinary shares	% of Ordinary shares
1	Carton Services Pty Ltd	21,646,754	25.25
2	National Nominees Limited	6,954,980	8.11
3	HSBC Custody Nominees (Australia) Ltd	6,557,735	7.65
4	RBC Investor Services Australia Nominees Pty Ltd <PICREDIT>	6,188,464	7.22
5	Blue Drive Pty Ltd	6,078,012	7.09
6	Argo Investments Limited	5,162,885	6.02
7	Garry Lingard and Jill Lingard	1,746,559	2.04
8	Andrew Roy Newberry Sisson	1,447,122	1.69
9	Hanna Group Pty Ltd	1,383,912	1.61
10	Goosegog Pty Ltd	1,300,000	1.52
11	David James Heaney and Samantha Elizabeth Chandler	870,433	1.02
12	Cossey Investments Pty Ltd	751,772	0.88
13	James Gordon Maxwell	718,692	0.84
14	Premier Mushrooms Pty Ltd	640,442	0.75
15	Matthew C Goodson & Dianna D Perron & Goodson & Perron Independent Trustee Limited	424,101	0.49
16	Stephen John Lane and Beverly Ann Lane <S&B LANE FAMILY SUPER A/C>	403,112	0.47
17	Louis Pierre Ledger	324,482	0.38
18	Rathvale Pty Limited	318,000	0.37
19	Pacific Custodians Pty Limited	313,152	0.37
20	Di Iulio Homes Pty Limited	300,000	0.35
		63,530,609	74.12

Substantial Shareholders

The names of substantial shareholders who have notified the company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of shares
Carton Services Pty Ltd	20,814,827
Bennamon Pty Ltd	13,115,469
Blue Drive Pty Ltd	5,781,714
Investors Mutual Limited	5,537,849
Argo Investments Ltd	4,540,825

ASX Additional Information (continued)

Inquiries About Your Shareholding

Please contact Link Market Services Limited if you have a question about your shareholding, dividends, share transfers or monthly holding statements.

Change of Address

If you change your address, please promptly notify the share registrar, Link Market Services Limited, in writing, quoting your shareholder reference number and your old address as a security check. Change of address advice forms can be downloaded from the Link Market Services Limited website. An acknowledgement of your change of address will be mailed to both your old address and to your new address.

Direct Dividend Deposit into Bank Accounts

Dividends can be paid directly into a bank, building society or credit union on the dividend payment date. Deposit details will be confirmed by an advice mailed to you on that date. Application forms are available from Link Market Services Limited or can be downloaded from its website.

If you subsequently change your bank account, please promptly notify the share registrar in writing, quoting your old bank account as an added security check. An acknowledgement of your changed details will be mailed to you.

Tax File Number

All shareholders, including children, may choose to provide their tax file number (TFN) or details or any tax exemption, to the share registrar to avoid any unnecessary tax deductions from dividend payments. TFN forms are available from Link Market Services Limited or can be downloaded from the internet using its website.

It is not compulsory for shareholders to provide a TFN. However, if they do not the company must deduct tax at the top marginal tax rate plus levies from the unfranked part of dividends paid.

Australian shareholders living abroad should advise the share registrar of their resident status as limited exemptions from tax deductions may apply.

Combining Multiple Shareholdings

If you have multiple shareholding accounts that you wish to consolidate into a single account, please advise Link Market Services Limited, in writing.

Calendar of Events

25 September 2015

Annual Report dispatched to shareholders

30 October 2015

Annual General Meeting

Early February 2016

Announce 2015/2016 Half Year results

Early August 2016

Announce 2015/2016 Full Year Results