

Colorpak Limited
Half-Year Condensed Financial Report
31 December 2010

Colorpak Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2010.

Directors

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

Geoff Willis (Non-executive Chairman)

Alex Commins (Managing Director)

Paul Commins

David Heaney

Ian Wightwick

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

Review and Results of Operations

Financial Performance

Colorpak's six months to 31 December 2010 produced revenues from sale of goods and services of \$43.5 million, 2.2% up on the corresponding prior comparable period ("pcp") of \$42.6 million. Colorpak sales growth was steady indicating the resilient nature of the industries which the company serves.

Colorpak's financial performance in the first six months has been significantly impacted by the Carter Holt Harvey's (CHH) acquisition separately detailed below.

The underlying net profit after tax from continuing operations, excluding the impact of any acquisition transaction costs, for the six months increased by 1.1% to \$3.8 million, the highest six monthly profit in the company's history. The CHH transaction costs reduced the company's reported NPAT to \$2.8 million.

	NPBT	NPAT
	\$000's	\$000's
2010		
Reported result	4,040	2,810
Acquisition transaction costs	1,393	975
Underlying result	<u>5,433</u>	<u>3,785</u>
2009	<u>5,310</u>	<u>3,744</u>

EBITDA margins, excluding the CHH transaction costs, fell slightly 18.8% to 18.2%. Improvements in the ratio to sales were achieved in the areas of employee benefits, factory operating expenses and other expenses. These savings were offset by higher material costs, driven by higher material content on some new product offerings as well as changes in the broader customer base. The slight margin contraction was more than offset by reduction in finance costs and depreciation.

Colorpak Limited

Directors' Report

The increases in revenue and the company's improved operating profit (excluding transaction costs) raised EPS on the underlying result to 4.66 cents per share, up 0.03 cents on the prior year. Reported EPS (after transaction costs) was 3.46 cents per share. This level of profitability is considered to be another solid achievement in the face of cost and competitive pressures in the current economic environment.

Acquisition of Carter Holt Harvey's folding carton operations in Australia and New Zealand

Colorpak announced on 11 October 2010 its intention to acquire, subject to satisfactory due diligence, CHH folding carton operations in Australia and New Zealand. On 29 December 2010, Colorpak further announced that it had signed a sale agreement for the acquisition of this business, excluding the Smithfield operations which will be purchased by another industry participant.

Pursuant to the sale agreement, Colorpak will acquire additional annual revenues of around \$125 million, annual EBITDA of approximately \$4 million and net assets of approximately \$50 million, for a purchase consideration of \$5 million. The transaction is conditional on regulatory approval, expected to be received by 17 February 2011, along with assignment of all premises leases and it is expected that the transaction will complete on 1 March 2011.

The acquisition is expected to be EPS accretive, based on cost synergies alone, in the 2012 financial year, being the first full year following acquisition, on a normalised basis. Considerable further potential has been confirmed to exist in efficiency and other areas.

Cash Flow and Debt

Net cash generation from operations for the half year was a solid inflow of \$5.6 million, \$1.1 million up on the prior year.

Net capital expenditure in the first half totalled \$2.1 million and capital expenditure on plant and equipment in the second half of the year will be contained to around \$2.0 million, excluding the impact (if any) from the operation of the CHH acquired business. Acquisition costs of \$1.0 million have also been paid in the first half.

The strong cash generation from operations has covered all capital expenditure requirements, acquisition costs and the dividend return to shareholders, allowing net debt to still be reduced by a further \$0.3 million since June 2010 to \$22.4 million. Debt to Debt+Equity has further improved to 26.8%.

The company maintains adequate cash reserves and undrawn bank credit facilities to meet its expected working capital and capital expenditure requirements for the foreseeable future. Additional bank facilities required to help manage the acquired CHH business over the foreseeable future and described in note 12, have been secured subsequent to the half year-end.

Operating Activities

The folding carton sector industry remains competitive and tough given the backdrop of a globalised economy. Our model has remained robust due to some basic tenets that we maintain as core disciplines around quality, service and reliability. The first half of 2011 has been no exception and that is why we are pleased with posting a profit before income tax and acquisition transaction costs, that whilst modest in its growth, remains reliable and consistent.

Our capital expenditure mentioned earlier has been directed to product innovation that will become operational within the group from fourth quarter 2011 and will add further product capability to our core offering.

The Pharmaceutical industry continues to recognize the integrity in the Colorpak offering with one existing contract renewal and two new contract wins during this first half of 2011. One of the new wins was for the exclusive supply to the highly scrutinized Japanese export market.

Colorpak Limited Directors' Report

AstraZeneca has announced that, due to unforeseen growth in its China market, it will continue to operate its North Ryde facility for the immediate future, whereas, AstraZeneca had previously advised that it would close this facility in 2012. The full impact of this decision on Colorpak is not yet known although this is regarded as positive news and AstraZeneca volumes remain strong at the present time.

The Remedies acquisition is settling in to our Flexibles division and has added increased capability to our product offering in high quality sachets for the food and meal replacement sector.

Our current top ten customer base remains stable and loyal, an aspect of our business to which we remain exceptionally attentive. Two of our top ten customers will be entering contract negotiations with us in the coming months, with both of these customers being very long term partners of the Colorpak business.

We are very pleased to report that in the recently published 2010/2011 BIS Shrapnel Paper and Board Packaging survey in Australia, Colorpak once again featured at the top of the table. This independent survey confirms our strong industry reputation for delivery of a consistent, reliable, world class quality product.

Safety performance continues to improve and reflects the management focus in all facilities.

Notwithstanding the challenges that lie ahead of us in integrating the CHH organisation, the underlying Colorpak business has been stable and performing very well during the last six months and we expect that to continue.

Dividend

The company will maintain its interim dividend at 1.50 cents per share, fully franked, which will be paid on 4 April 2011 and expects to announce its fully franked final dividend later in the year. This raises the dividend paid in the 12 month period to 31 December 2010 to 4.25 cents per share, fully franked, inclusive of the special dividend of 1.00 cents per share paid on 5 October 2010.

Outlook

Guidance on full year financial performance for 2011 is difficult to give at this point due to the complicating impact of the inclusion of the CHH business, currently expected from 1 March 2011 and further costs (of a one off nature) to conclude the transaction and commence integration activities that will impact this year's results.

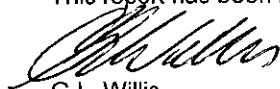
Rounding

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

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, which is attached at page 4 of this report.

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



G.L. Willis
Chairman



A. Commins
Managing Director

Braeside
25 February 2011

Colorpak Limited
Directors' Report



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Auditor's Independence Declaration to the Directors of Colorpak Ltd

In relation to our audit of the financial report of Colorpak Ltd for the half-year ended 31 December 2010, 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

Ashley C Butler
Partner

Melbourne
25 February 2011

Colorpak Limited
Statement of Comprehensive Income
for the half-year ended 31 December 2010

	Notes	2010 \$000	2009 \$000
Revenue	4	43,919	42,914
Other income		-	-
Changes in inventories of finished goods and work in progress		(22)	(96)
Raw materials and consumables used		(18,379)	(17,107)
Employee benefits expense		(12,214)	(12,152)
Depreciation and amortisation		(1,414)	(1,453)
Impairment of plant and equipment		-	-
Occupancy costs		(1,396)	(1,331)
Factory operating expense		(2,811)	(2,884)
Other expenses		(1,111)	(1,288)
Profit before tax, acquisition costs and finance costs		6,572	6,603
Finance costs	4	(1,139)	(1,293)
Profit before income tax and acquisition transaction costs		5,433	5,310
Acquisition transaction costs		(1,393)	-
Profit before income tax		4,040	5,310
Income tax expense from continuing operations		(1,648)	(1,566)
Income tax benefit on acquisition transaction costs		418	-
Total income tax expense		(1,230)	(1,566)
Net profit for the period		2,810	3,744
Other comprehensive income			
Cash flow hedges			
Gain / (loss) taken to equity		193	530
Income tax expense on items of other comprehensive income		(58)	(159)
Other comprehensive income for the period, net of tax		135	371
Total comprehensive income for the period		2,945	4,115
Earnings per share (cents per share)			
- basic and diluted for profit for the period attributable to ordinary equity holders of the company		3.46	4.63

Colorpak Limited
Statement of Financial Position as at 31 December 2010

	As at 31 December 2010 \$000	As at 30 June 2010 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	344	37
Trade and other receivables	13,754	12,580
Inventories	8,833	10,248
Other current assets	2,235	596
Total Current Assets	25,166	23,461
Non-current Assets		
Property, plant and equipment	26,993	27,855
Goodwill	46,134	46,134
Total Non-current Assets	73,127	73,989
TOTAL ASSETS	98,293	97,450
LIABILITIES		
Current Liabilities		
Trade and other payables	9,030	8,620
Interest-bearing loans and borrowings	-	-
Income tax payable	928	799
Provisions	1,556	1,713
Derivative financial instruments	-	-
Total Current Liabilities	11,514	11,123
Non-current Liabilities		
Interest-bearing loans and borrowings	22,750	22,750
Deferred income tax liabilities	1,285	1,398
Provisions	976	931
Derivative financial instruments	606	799
Total Non-current Liabilities	25,617	25,878
TOTAL LIABILITIES	37,131	37,001
NET ASSETS	61,162	60,449
EQUITY		
Contributed equity	6 39,214	39,214
Retained profits	22,372	21,794
Cash Flow Hedge Reserve	7 (424)	(559)
TOTAL EQUITY	61,162	60,449

Colorpak Limited
Statement of Cash Flow
for the half-year ended 31 December 2010

	Notes	2010 \$000 Inflows/(Outflows)	2009 \$000 Inflows/(Outflows)
Cash flows from operating activities			
Receipts from customers		47,140	44,963
Payments to suppliers and employees		(39,131)	(38,161)
Interest received		19	9
Income taxes paid		(1,264)	(1,042)
Finance costs		(1,132)	(1,218)
Net cash flows from operating activities		5,632	4,551
Cash flows from investing activities			
Acquisition transaction costs		(995)	-
Proceeds from sale of property, plant and equipment		12	-
Purchase of property, plant and equipment		(2,110)	(381)
Net cash flows used in investing activities		(3,093)	(381)
Cash flows from financing activities			
Repayment of finance lease principal		-	-
Repayment of borrowings		-	(3,000)
Payment of dividends	5	(2,232)	(1,420)
Net cash flows (used in) / from financing activities		(2,232)	(4,420)
Net increase in cash and cash equivalents		307	(250)
Cash and cash equivalents at beginning of period		37	(315)
Cash and cash equivalents at end of period	8	344	(565)

Colorpak Limited
Statement of Changes in Equity
for the half-year ended 31 December 2010

	Attributable to equity holders of the Company			
	Issued capital \$000	Retained earnings \$000	Cash flow hedge reserve \$000	Total equity \$000
At 1 July 2010	39,214	21,794	(559)	60,449
Profit for the period	-	2,810	-	2,810
Other comprehensive income	-	-	135	135
Total comprehensive income for the period	-	2,810	135	2,945
Transactions with owners in their capacity as owners:				
Equity dividends	-	(2,232)	-	(2,232)
At 31 December 2010	39,214	22,372	(424)	61,162
At 1 July 2009	39,214	18,019	(886)	56,347
Profit for the period	-	3,744	-	3,744
Other comprehensive income	-	-	371	371
Total comprehensive income for the period	-	3,744	371	4,115
Transactions with owners in their capacity as owners:				
Equity dividends	-	(1,420)	-	(1,420)
At 31 December 2009	39,214	20,343	(515)	59,042

	Notes	2010 \$000	2009 \$000
Dividends per share (cents per share)	5	2.75	1.75

Colorpak Limited
Notes to the half-year Financial Statements
31 December 2010

1. Corporate Information

The condensed financial report of Colorpak Limited (the company) for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 25 February 2011.

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

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

2. Summary of significant accounting policies

Basis of preparation

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

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

It is recommended that the half-year financial report should be read in conjunction with the annual financial report for the year ended 30 June 2010 and considered together with any public announcements made by Colorpak Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

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

Changes in accounting policy

The following amending Standards have been adopted from 1 July 2010. Adoption of these Standards did not have any effect on the financial position or performance of the Company.

Reference	Title	Summary	Impact on financial report
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	<p>This Standard makes amendments to Australian Accounting Standard AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions.</p> <p>The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.</p> <p>The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</p>	<p>The company has not undertaken any cash-settled share-based payment transactions and accordingly, this amendment has not had any impact in the reporting period.</p>

Colorpak Limited
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Reference	Title	Summary	Impact on financial report
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following:</p> <p>The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined.</p> <p>The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes.</p> <p>The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.</p> <p>The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.</p> <p>The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.</p> <p>The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.</p> <p>The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity:</p> <ul style="list-style-type: none"> ▶ has primary responsibility for providing the goods or service; ▶ has inventory risk; ▶ has discretion in establishing prices; ▶ bears the credit risk. 	<p>The company has adopted all requirements for presentation. There has been no impact on the financial position or performance of the company.</p>
AASB 2009-9	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> .	<p>The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.</p> <p>Specifically, the amendments:</p> <ul style="list-style-type: none"> ▶ exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets ▶ exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 Determining whether an Arrangement contains a Lease when the application of their national accounting requirements produced the same result. 	<p>The company is not a first time adopter and accordingly, this amendment has no impact.</p>

Colorpak Limited
Notes to the half-year condensed Financial Statements
31 December 2010

Reference	Title	Summary	Impact on financial report
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	The company has not made any rights issues and accordingly, this amendment has not had any impact in the reporting period.
AASB 2009-13	Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	This amendment to AASB 1 allows a first-time adopter to apply the transitional provisions in Interpretation 19 as identified in AASB 1048.	The company is not a first-time adopter and accordingly, this amendment has no impact.
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	<p>This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.</p> <p>The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.</p>	The company has not issued any equity instruments to creditors and accordingly, this amendment has not had any impact in the reporting period.

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

3. Segment Information

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

The chief operating decision maker (CODM) has been determined as the Management Committee. The accounting policies used in the preparation of the information used by the CODM are aligned to those which are presented in this report. As there are minimal differences, no further disclosures are deemed necessary.

The company operates entirely in Australia under a single reportable operating segment.

Colorpak Limited
Notes to the half-year condensed Financial Statements
31 December 2010

2010	2009
\$000	\$000

4. Revenue and Expenses

(a) Specific Items

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the company:

(i) Revenue

Sale of goods and services	43,491	42,560
Interest from unrelated persons	19	9
Other revenue	409	345
	43,919	42,914

(ii) Expenses

Finance costs

Interest paid or payable to unrelated persons	1,139	1,293
Finance charges payable under finance leases and hire purchase contracts	-	-
Total finance costs (on historical cost basis)	1,139	1,293
Fair value change on interest rate swaps	-	-
Total finance costs expensed	1,139	1,293

(b) Seasonality of Operations

The company does not typically experience seasonality in relation to demand for its product. Subject to revenue growth attributable to new customers, revenues tend to average out on a productive day basis throughout the year, with slightly more productive days in the first half of the year.

Colorpak Limited
Notes to the half-year condensed Financial Statements
31 December 2010

	2010 \$000	2009 \$000
5. Dividends Paid and Proposed		
Equity dividends on ordinary shares:		
(a) Dividends declared and paid during the half-year		
Final franked dividend for financial year 30 June 2010: 1.75 cents (2009: 1.75 cents)	1,350	1,420
Special franked dividend for financial year 30 June 2010: 1.00 cents (2009: nil)	882	-
(b) Dividends proposed and not yet recognised as a liability		
Interim franked dividend for financial year 30 June 2011: 1.50 cents (2010: 1.50 cents)	1,217	1,217
	3,449	2,637

6. Contributed Equity

This note should be read in conjunction with the Statement of Changes in Equity shown on page 8 of this report.

	Thousands	\$000
At 1 July 2010	81,155	39,214
Issued during the year	-	-
At 31 December 2010	81,155	39,214

There were no share issues in 2010.

7. Cash Flow Hedge Reserve

The company has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps which are in place cover approximately 83% of the principal outstanding and are timed to expire at selected dates over the next 3 ½ years, with the earliest expiry being June 2012. The fixed interest rates range between 5.7% and 7.6% and the comparable variable rate based on the 90 day bank bill rate at balance date was 5.01% (June 2010: 4.80%). These interest rate swaps have been designated into cash flow hedges.

Colorpak Limited
Notes to the half-year condensed Financial Statements
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7. Cash Flow Hedge Reserve (continued)

As at 31 December 2010, the company had entered in to forward currency trades in respect of the purchase of a capital asset which was due for settlement in February 2011. These forward trades were to hedge against exchange movements that would impact the purchase price of that asset. As at 31 December 2010, the weighted average forward contract rate was 0.667 Euro / A\$ which compared to the then weighted average forward rates of 0.760 Euro / A\$.

2010	2009
\$000	\$000

8. Reconciliation of Cash

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

Cash at bank and in hand	3	3
Cash at bank / (Bank overdraft)	341	(568)
	344	(565)

9. Business Combinations

Colorpak announced on 11 October 2010 its intention to acquire, subject to satisfactory due diligence, Carter Holt Harvey's (CHH) folding carton operations in Australia and New Zealand. On 29 December 2010, Colorpak further announced that it had signed a sale agreement for the acquisition of this business, excluding the Smithfield operations which will be purchased by another industry participant.

Pursuant to the sale agreement, Colorpak will acquire additional annual revenues of around \$125 million, annual EBITDA of approximately \$4 million and net assets of approximately \$50 million, for a purchase consideration of \$5 million. The transaction is conditional on regulatory approval, expected to be received by 17 February 2011, along with assignment of all premises leases and it is expected that the transaction will complete on 1 March 2011 and control will pass at that time.

Apart from acquisition transaction costs incurred to date, the financial effects of the CHH acquisition have not been brought to account for the half-year ended 31 December 2010 and will be recognised in the subsequent financial period.

Colorpak Limited
Notes to the half-year condensed Financial Statements
31 December 2010

	2010 \$000	2009 \$000
10. Expenditure Commitments		
Estimated capital expenditure contracted for at reporting date, but not provided for:	1,568	-

10. Expenditure Commitments

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

11. Contingent Assets and Liabilities

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

12. Events after the Balance Sheet Date

Since 31 December 2010 the following events have occurred:

- the directors have declared an interim ordinary dividend of 1.50 cents per share (fully franked) to be paid on 4 April 2011. The total value of this dividend is \$1.217 million.
- All conditions precedent to the CHH carton acquisition, including ACCC approval and all premises lease assignments, have been satisfied or will, as at completion, be satisfied. Completion of the acquisition will take place on 1 March 2011, at which time control will pass.
- on 25 February 2011, the company agreed to the execution of new facility documentation with the National Australia Bank Limited and BNZ Limited for the provision of extended funding lines in respect to the CHH carton acquisition. The extended funding included increases of \$15 million in bill facilities and \$3 million in bank guarantee lines. These facilities are considered adequate for the company's foreseeable needs.

The financial effects of the dividend and the CHH acquisition have not been brought to account for the half-year ended 31 December 2010 and will be recognised in the subsequent financial period.

Colorpak Limited

Director's Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



G.L. Willis
Chairman



A. Commins
Managing Director

Braeside
25 February 2011

To the members of Colorpak Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Colorpak Ltd which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Colorpak Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young



Ashley C Butler
Partner
Melbourne
25 February 2011