Pro-Pac Packaging Limited

ACN: 112 971 874

Annual General Meeting

Tuesday 27th November 2012

Chairman's Address

Good morning and welcome to Pro-Pac's 2012 Annual General Meeting. Thank you for your attendance. My name is Elliott Kaplan and I am a Director of Pro-Pac and your Chairman. I would like to introduce the other members of the Board, Dr Gary Weiss and our CEO Brandon Penn. Our CFO and Company Secretary, Mark Saus is also in attendance and also present is our auditor, Frank Gianuzzi from UHY Haines Norton.

As I previously stated, the 2012 financial year was an extremely busy and productive year for the Company. Eight synergistic acquisitions were completed and integrated. Two major logistical exercises were successfully undertaken – the Industrial Division's site rationalisation and consolidation in Qld which was completed in February and NSW which was completed in June. Significant progress was made with our project to bring all of our various business units and acquisitions onto a single IT platform.

The 2012 result was a record for the Company with revenue up 15% to $133m and profit before tax up 16% at $8.1m. The result included $763,000 in expensed one off relocation and rationalisation costs relating predominantly to the manufacturing and distribution site consolidations in both NSW and Qld. These moves, together with the Industrial Division's Victorian site consolidation completed in the previous financial year, now provide our largest division with the infrastructure and capacity to continue to grow without further significant capital expenditure.

In April 2012, the Company raised $28m in new equity to fund growth, placing the Company in a very strong position to continue to pursue its stated acquisition policy.

Subsequent to the financial year end, the Company completed the acquisition of the business and assets of Start Food-Tech (Australia) Pty Ltd, significantly expanding its distribution business to the food processing industry. Earlier this month, the Company also announced the completion of two further acquisitions, being the businesses and assets of

Stronghold Wholesale and Source & Sell. A pipeline of further acquisition opportunities continues to be reviewed and there is momentum in organic growth from existing businesses.

A fully franked interim dividend of 1 cent per share was paid in April and a fully franked final dividend of 1 cent per share was paid on 25 September 2012.

Board renewal and strengthening is an important element of a strongly growing company and in this regard, in May 2012 we welcomed the addition of Dr Gary Weiss to the Board as a non-executive director. During the financial year Mr. Hadrian Morrall announced his retirement from the Board. I would like to thank Hadrian for his contribution as a Director over the previous five years and we look forward to his ongoing contribution to the growth of the Company in his continuing role of MD of the group's Rigid Division. Companies and businesses do not prosper and grow without competent and entrepreneurial management and dedicated and enthusiastic staff and in this regard, Pro-Pac is most fortunate. On behalf of the Board I would once again like to thank the rest of our senior management team, CEO Brandon Penn, CFO Mark Saus and Industrial Division MD Wendy Penn for their hard work and leadership and all our managers and staff for their initiatives, dedication and commitment to the ongoing success of Pro-Pac.

On that note, I will hand over to Brandon Penn, our MD and CEO, who will present a more detailed review of the 2012 financial year and provide an update on trading conditions and strategies going forward.

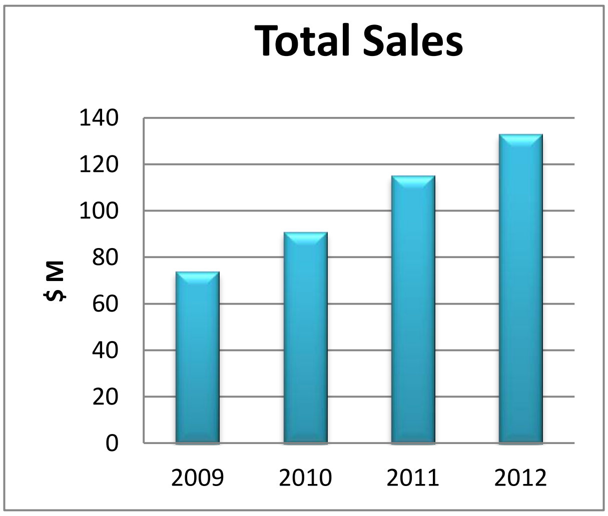
Managing Director and CEO's Address

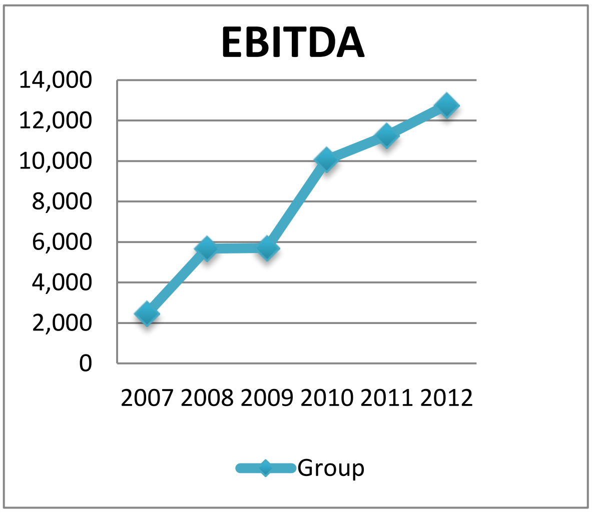
2012 Financial Year Review

As the Chairman highlighted, 2012 was another record year for the company. Our Industrial Division recorded strong growth both organically and from acquisitions while sales in our Rigid Division were pretty much in line with the previous corresponding period despite very testing trading conditions in the principal industry segments that it services.

In addition to completing eight acquisitions during the financial year, we were very busy migrating our different businesses onto a single IT system and merging, relocating and upgrading our facilities and distribution centres around the country, all of this activity and expense designed for the next stage of our planned growth. Completion of the Industrial Division's site rationalisation and consolidation in both Qld and NSW which were undertaken during the second half of the financial year, have provided us with first class facilities enabling us to service larger national customers more efficiently. During the year we also invested in additional human resources and strengthened our management teams to support the anticipated growth in our identified business silos and to facilitate our national growth aspirations.

Growth in our businesses necessitates an increased investment in working capital. Typically there are long lead times associated with servicing significant new business, as inventory has to be sourced and paid for well in advance of new business coming on stream. This has an obvious impact on cash flow from operations in the short/medium term.





Trading and Operational Update

The weak trading conditions experienced during the first half of the calendar year continued into the first quarter of the current financial year although I am pleased to advise that we are now starting to see an upswing trend emerging.

Despite these weak trading conditions we have managed to achieve a 31% increase in sales for the four months to end October compared to the previous corresponding period. This increase comes from both organic growth as well as acquisitions. It is also pleasing to note that our Rigid Division has recorded a solid performance for the first four months. Group profit however is marginally lower than the previous corresponding period due predominantly to the higher costs associated with the growth related increased investment in facilities and human resources to which I referred earlier.

The relocation and integration of our five disparate NSW operations was of a much larger scale and complexity than originally anticipated and has resulted in a longer than planned time frame for consolidation and integration of all NSW operations. This has caused some disruption to trading and operations in NSW during Q1. On a positive note, this sunk capital and operational expenditure has now placed us in a sound position to continue to grow and service our pipeline of new business activity.

During Q1, we also completed the consolidation of two sites into a new distribution centre in Perth and we should see further improvement in the performance of our West Australian operations going forward. The merger and consolidation of our Industrial Division's QLD operations, completed in Jan/Feb 2012, has started delivering the benefits anticipated from these strategies, with a strong over budget performance for the first four months.

I am pleased to announce that during Q1 we achieved significant new contract and tender "wins" with revenue exceeding $20M on an annual basis. These are large national business transactions that take six to twelve months to fully implement and, as previously mentioned, require significant upfront investment in working capital. The benefits from this new business should start to flow through to the top and bottom lines in the second half of FY13. Work is also continuing on a strong pipeline of new business opportunities.

Strategies Going Forward

The 2013 FY will see us continue with our three pronged approach, comprising strategic acquisitions, organic growth and cross-selling.

Apart from our Rigid Division, we have restructured our Industrial Division into specific business silos comprising General Industrial Packaging, Food Service, Food Processing, Washroom & Janitorial and Health & Aged Care and we will focus on growing these business units and maximising contributions through cost effective shared services for their procurement, administration, IT and finance functions. In this regard, we have already established five new initiatives from a zero base as part of our growth strategy. We have set up an SME call center, we have established a direct marketing division and a national cross selling division, in China we have set up a sourcing and procurement arm and a warehouse consolidation facility and we have implemented a Food Service division with related infrastructure in NSW, WA, QLD and VIC.

We are undertaking a rebranding of the new expanded Pro-Pac with a new corporate identity and website. We also plan to continue with our project of migrating all businesses onto one IT platform.

We will continue to investigate and assess synergistic and strategic acquisitions. Since the start of the current financial year, as previously announced, we have completed the acquisitions of Start Food-Tech, Source & Sell and Stronghold.

Finally, I would like to take this opportunity to join the Chairman in thanking our hard working and talented employees whose contribution is integral to our future and our performance.

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