

APPENDIX 4E

PRELIMINARY FINAL REPORT

PLASPAK GROUP LIMITED

ABN 65 003 964 181

FINANCIAL YEAR ENDED 30 JUNE 2003

HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

(figures are in A\$000s)

REVENUES FROM ORDINARY ACTIVITIES	UP	5.4% TO	84,636
OPERATING PROFIT FROM ORDINARY ACTIVITIES EXCLUDING INDIVIDUALLY SIGNIFICANT ITEMS	DOWN	14.2% TO	5,935
OPERATING PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	DOWN	54.9% TO	3,048
PROFIT AFTER TAX ATTRIBUTABLE TO MEMBERS	DOWN	57.1% TO	2,081
RESULT EFFECTED BY THE FOLLOWING INDIVIDUALLY SIGNIFICANT ITEMS			
* WRITEDOWN OF ASSETS & PROVISION FOR REDUNDANCIES ON SALE OF ADELAIDE THERMOFORMING BUSINESS			(1,820)
* CLOSURE OF MORDIALLOC MANUFACTURING FACILITY IN MELBOURNE			(758)
* WRITEOFF OF UNSUCCESSFUL ACQUISITION COSTS			<u>(309)</u>
			<u><u>(2,887)</u></u>
2003 FULLY FRANKED FINAL DIVIDEND PER SHARE			3.5c
2002 FULLY FRANKED FINAL DIVIDEND PER SHARE			3.5c
RECORD DATE FOR DETERMINING ENTITLEMENT TO DIVIDEND			31-Oct-03

COMMENTARY ON RESULTS

For Plaspak Group Limited the 2003 year has included a convergence of difficult trading conditions and an opportunity to rationalise underperforming businesses and put into place strategies which will provide the basis for ongoing improvements in profitability and shareholder returns.

Sales and operating earnings in the 2003 year suffered from the negative effects of the worst drought on the eastern seaboard for 100 years, slowing consumption and consumer spending and rapidly escalating raw material prices which were unable to be recouped by price increases in the short term.

Notwithstanding these negative factors, Plaspak:-

- increased revenue by 5.4% to \$84.63 million; and
- achieved an operating profit of \$5.935 million from ordinary activities excluding individually significant items, a 14.2% reduction from the previous year.

During the 2003 year, Plaspak was able to implement planned rationalisations of its Mordialloc, Victoria and Adelaide businesses.

The Mordialloc business was closed and surplus assets sold in May 2003. This resulted in a one-off write-off of \$758,000 for redundancies and other shutdown costs.

The Adelaide business was sold in a series of three separate transactions initiated in June 2003 and completed in August 2003. The closure and sale of the Adelaide business operations resulted in a write-down of assets and provision for redundancies totalling \$1.82 million in the year ended 30 June 2003.

The write-downs and restructuring costs associated with the closure and sale of the Mordialloc and Adelaide based businesses and their assets, together with the write-off of unsuccessful acquisition costs of \$309,000 significantly impacted on:

- operating profit from ordinary activities before income tax which reduced to \$3.04 million; and
- profit after tax which reduced to \$2.08 million.

The closure and sale of the Mordialloc and Adelaide based businesses and their assets will have the following positive impacts in the 2004 year:

1. A cash surplus of \$5.1 million from the sale of the Adelaide business assets and realisation of working capital, \$4.5 million of which will be used to reduce debt.
2. Cash proceeds, which will also be used to reduce debt, from the sale of the Mordialloc property which is currently listed for sale for \$3.5 million and is expected to achieve a selling price representing a capital gain of approximately \$1 million.
3. On completion of the sale of the Mordialloc property and transfer of retained blow moulding and closure customers previously supplied from the Mordialloc business to Peteron Plastics, Plaspak JWS and Plaspak Closures, total cost savings of approximately \$1 million in a full year.
4. Elimination of future losses by the Adelaide business which in the 2003 year incurred a pre tax loss of \$962,000.

Apart from the now closed Mordialloc and Adelaide businesses all other Plaspak Group companies operated profitably in the 2003 year. Plaspak's plants in Melbourne and Brisbane have recently expanded by installation of new equipment including PET injection blow moulding machines. This enables Plaspak companies to supply products in PET, the quickest growing product category, from all locations including Townsville, Brisbane, Sydney and Melbourne.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	CURRENT YEAR	PRIOR YEAR
	\$000s	\$000s
	<u> </u>	<u> </u>
Revenues from ordinary activities		
Sales Revenue	84,120	79,522
Interest Revenue	65	37
Profit on sale of assets	-	34
Foreign exchange gains	37	69
Other revenue	414	673
	<u>84,636</u>	<u>80,335</u>
Expenses from ordinary activities		
Cost of sales	66,324	60,275
Loss on sale of assets	260	-
Warehouse & Distribution expenses	4,552	3,910
Selling Expenses	1,584	1,612
Administration Expenses	6,629	5,494
Borrowing costs	2,239	2,287
	<u>81,588</u>	<u>73,578</u>
Profit from ordinary activities before tax	<u>3,048</u>	<u>6,757</u>
Income Tax expense	967	1,901
Net Profit After tax attributable to members	<u>2,081</u>	<u>4,856</u>
Earnings per share	3.2 cents	8.4 cents
Diluted Earnings per share	3.2 cents	8.2 cents
INDIVIDUALLY SIGNIFICANT ITEMS		
Unsuccessful acquisition costs	(309)	(19)
Writedown of assets & provision for redundancies on sale of Adelaide thermoforming business	(1,820)	-
Closure of Mordialloc manufacturing facility in Melbourne	(758)	
Relocation & Restructuring costs	-	(144)
	<u>(2,887)</u>	<u>(163)</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING INDIVIDUALLY SIGNIFICANT ITEMS		
Cost of sales	64,643	60,131
Loss / (Profit) on sale of assets	(52)	-
Warehouse & Distribution expenses	4,530	3,910
Selling Expenses	1,478	1,593
Administration Expenses	5,863	5,494
Borrowing costs	2,239	2,287
	<u>78,701</u>	<u>73,415</u>
DEPRECIATION AND AMORTISATION COSTS		
Depreciation & amortisation of property, plant & equipment	7,228	5,655
Amortisation of goodwill	403	187
Amortisation of other intangibles	48	11
	<u>7,679</u>	<u>5,853</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-03 \$000s	30-Jun-02 \$000s	31-Dec-02 \$000s
Current Assets			
Cash	35	45	66
Receivables	14,625	16,025	18,177
Inventories	12,524	12,080	11,719
Prop, Plant & Equip held for sale	6,625	-	-
Other	839	692	703
Total Current Assets	34,648	28,842	30,665
Non Current Assets			
Investments	4,932	5,120	5,120
Property Plant & Equipment	48,740	58,382	57,709
Intangibles	2,496	2,929	3,016
Tax Assets	1,408	1,069	1,037
Other	876	35	693
Total non current assets	58,452	67,535	67,575
TOTAL ASSETS	93,100	96,377	98,240
Current Liabilities			
Payables	10,603	12,091	12,928
Borrowings	7,734	7,331	8,448
Tax Liabilities	-	279	14
Provisions	1,483	1,276	1,078
Other	487	53	29
Total Current Liabilities	20,307	21,030	22,497
Non Current liabilities			
Borrowings	25,038	26,368	25,763
Tax Liabilities	2,736	3,294	3,194
Provisions	1,790	1,479	1,611
Other	-	53	4
Total Non Current liabilities	29,564	31,194	30,572
TOTAL LIABILITIES	49,871	52,224	53,069
NET ASSETS	43,229	44,153	45,171
Equity			
Contributed equity	37,581	36,303	37,205
Reserves	40	39	51
Retained profits	5,457	7,660	7,764
Equity attributable to members of the parent entity	43,078	44,002	45,020
Outside equity interests	151	151	151
TOTAL EQUITY	43,229	44,153	45,171

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended 30-Jun-03 <u>\$000s</u>	Year Ended 30-Jun-02 <u>\$000s</u>
Cash flows related to operating activities		
Receipts from customers	94,125	89,712
Payments to suppliers and employees	(80,160)	(72,830)
Other Revenue	380	556
Interest Revenue	65	37
Income taxes paid	(2,000)	(2,579)
Other	(1,735)	(1,665)
Net Operating Cash Flows	<u>10,675</u>	<u>13,231</u>
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(1,931)	(2,075)
Proceeds from sale of property, plant and equipment	290	187
Payment for purchases of equity investments	-	(9,630)
Other	(41)	(120)
Net Investing cash flows	<u>(1,682)</u>	<u>(11,638)</u>
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc)	34	8,484
Proceeds from borrowings	2,700	2,970
Repayment of borrowings	(6,826)	(8,231)
Dividends paid	(3,187)	(2,103)
Interest and costs of borrowings	(2,239)	(2,011)
Net financing cash flows	<u>(9,518)</u>	<u>(891)</u>
Net increase (decrease) in cash held	(525)	702
Cash at beginning of period	(280)	(982)
Cash at end of period	<u>(805)</u>	<u>(280)</u>
Reconciliation of cash		
Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		
Cash on hand and at bank	35	45
Bank Overdraft	(840)	(325)
Total cash at end of period	<u>(805)</u>	<u>(280)</u>
Non Cash Financing and Investing Activities		<u>\$000s</u>
Value of shares issued under Dividend Reinvestment Plan		764
Employee share loans for exercise of options under Plaspak Executive Incentive Scheme		640
Addition to Plant & Equipment under finance leases and hire purchase agreements.		2,888

Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: Earnings per share are as follows:

	<u>2003</u>	<u>2002</u>
Earnings used in the calculation of basis EPS	2,081,000	4,856,000
Earnings used in the calculation of diluted EPS	2,127,480	4,929,348

Weighted average number of ordinary shares outstanding
During the year used in the calculation of:

Basic EPS	65,805,444	57,943,761
Diluted EPS	67,145,444	60,043,761
Basic EPS - Cents	3.2	8.4
Diluted EPS - Cents	3.2	8.2

NTA Backing	Current period	Previous corresponding period
Net tangible asset backing per share	61.3 cents	63.5 cents

DISCONTINUING OPERATIONS

In July and August 2003, Plaspak Food Packaging Pty Ltd completed three separate asset and business sale transactions (initiated during June 2003) which disposed of the Adelaide based thermoforming and thin wall injection moulding business operated by the Company.

The closure and sale of the Adelaide business operations resulted in a write-down of assets and provision for redundancies totalling \$1,820,000 in the year ended 30 June 2003.

The business and assets of Plaspak Food Packaging Pty Ltd were sold for \$4,563,000 (excluding GST). A further \$600,000 will be collected from the realisation of working capital, in particular the surplus of debtors over creditors.

The following assets and liabilities of Plaspak Food Packaging Pty Ltd and its Adelaide business are included in the Statement of Financial Position as at the end of the financial periods.

Financial Position	30-Jun-03	30-Jun-02
	\$000s	\$000s
Current Assets		
Cash	126	186
Receivables	1,729	1,148
Inventories	1,216	1,681
Plant & Equipment held for sale	4,165	-
Other	13	8
Total Current Assets	7,249	3,023
Non Current Assets		
Property Plant & Equipment	97	5,746
Intangibles	-	234
Tax Assets	225	86
Total non current assets	322	6,066
TOTAL ASSETS	7,571	9,089
Current Liabilities		
Payables	1,287	1,716
Borrowings	632	607
Provisions	542	69
Total Current Liabilities	2,461	2,392
Non Current liabilities		
Borrowings	-	652
Tax Liabilities	508	547
Provisions	189	176
Total Non Current liabilities	697	1,375
TOTAL LIABILITIES	3,158	3,767
NET ASSETS	4,413	5,322

Assets of the Adelaide business were written down to their net recoverable value at 30 June 2003.

Financial Performance of the discontinuing Adelaide operation is set out below :

Financial Performance	30-Jun-03	30-Jun-02
	<u>\$000s</u>	<u>\$000s</u>
Revenues from ordinary activities		
Sales Revenue	9,625	7,746
Other revenue	<u>2</u>	<u>15</u>
	9,627	7,761
Expenses from ordinary activities		
Cost of sales	9,220	6,615
Warehouse & Distribution expenses	668	545
Selling Expenses	239	206
Administration Expenses	<u>427</u>	<u>418</u>
	10,554	7,784
Borrowing expenses	35	88
Loss from ordinary activities before tax	<u>962</u>	<u>111</u>
Income Tax expense / (credit)	(285)	(30)
Net Loss from ordinary activities after tax	<u>677</u>	<u>81</u>

DIVIDENDS

Final dividend resolved to be paid 3.5 cents / share fully franked

Date dividend is payable 12 November 2003

Record date 31 October 2003

A 3% discount is offered in respect of the acquisition of shares pursuant to the Plaspak Dividend Reinvestment Plan

Last date for receipt of election notices for the Dividend Reinvestment Plan 31 October 2003

	<u>Current Year</u>	<u>Previous Year</u>
Interim Dividend	2.5 cents	2.5 cents
Final Dividend	<u>3.5 cents</u>	<u>3.5 cents</u>
	6.0 cents	6.0 cents

The amount of retained profits and reserves that could be distributed as fully franked dividends from franking credits that exist or will arise after payment of income tax in the next year in respect to the 2003 year is \$11,305,338.

We anticipate that dividends will be fully franked for the foreseeable future.

	<u>Current Year \$000s</u>	<u>Prior Year \$000s</u>
Amount of final dividend payable - fully franked	2,327	2,272

Both current and prior year dividends were fully franked.

CONSOLIDATED RETAINED PROFITS	Current Year <u>\$000s</u>	Prior Year <u>\$000s</u>
Retained profits at the beginning of the financial year	7,660	5,878
Net profit attributable to members	2,081	4,856
Net effect of changes in accounting policies	(333)	-
Dividends paid	<u>(3,951)</u>	<u>(3,074)</u>
Retained profits at the end of the financial year	<u>5,457</u>	<u>7,660</u>

ORDINARY SHARES ON ISSUE

	NUMBER
Number of securities on issue at beginning of year	64,909,996
Shares issued in November 2002 under Dividend Reinvestment Plan at issue price of \$1.0364 per share	390,161
Shares issued in April 2003 under Dividend Reinvestment Plan at issue price of \$0.8686 per share	414,097
Shares issued through exercise of options granted to employees under the Plaspak Executive Incentive Schemes at an average price of 0.6959	<u>785,000</u>
	<u>66,499,254</u>

OPTIONS

There were 2,590,000 options outstanding as at balance date.

These consisted of:

- 1,190,000 executive share options with exercise prices ranging from 65 cents to \$1.21;
- 900,000 non-executive director options granted during the current year at an exercise price of \$1.65; and
- 500,000 executive director options granted to the Managing Director, David Hoff, in prior years with exercise prices ranging from 70 cents to \$1.86.

785,000 executive options were exercised during the year at an average exercise price of \$0.6959.

POST BALANCE DATE EVENTS

During the financial year ended 30 June 2003, Plaspak Food Packaging Pty Ltd recorded an operating loss before tax of \$962,000.

In July and August 2003, as part of a strategic review of operations, Plaspak Food Packaging Pty Ltd completed the disposal of its Adelaide based thermoforming and thin wall injection moulding business and assets.

The asset and business sale transactions realised a cash surplus of \$5,137,000 after payment of all liabilities associated with the Adelaide operation and its closure. This excludes a tax liability, estimated at \$600,000, which will be payable in the 2005 year.

All assets of Plaspak Food Packaging Pty Ltd were written down, as at 30 June 2003, to their recoverable value. Redundancies and all other closure and sale costs were also provided for as at 30 June 2003.

Accordingly, it is anticipated that there will be no material effect on the 2004 year accounts from the closure and sale of the Plaspak Food Packaging Pty Ltd Adelaide business and assets.

CHANGE IN ACCOUNTING STANDARD

As a result of changes in AASB 1028 "Employee Benefits" Plaspak has made changes to employee entitlement provisions which have been brought to account directly to retained profits. This amount is reflected in the consolidated retained profits movement analysis contained in this report.

AUDIT STATUS

The accounts are currently in the process of being audited.