



PLASPAK GROUP LIMITED

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Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
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FOR RELEASE TO THE MARKET

SHAREHOLDER UPDATE

Plaspak advises that on 22nd June 2004 it will complete the sale of its surplus factory/warehouse premises at Mordialloc Victoria.

The sale price was \$3,155,000. This was less than original expectations and was achieved after an extensive marketing campaign. The sale price represents a capital profit of \$646,000.

As there is no tax liability associated with the capital profit, the net proceeds of \$3,100,000 will be applied to reduce debt.

At the same time Plaspak is continuing with the expansion of its successful closures business. All existing injection moulding facilities and equipment at Plaspak Closures (Yalgar Road Kirrawee) and Plaspak JWS (Seven Hills) are in the process of being relocated to the former ACI purpose built premises at Waratah Street Kirrawee which were acquired by Plaspak in January 2004.

This will involve relocation costs and redundancies (at Plaspak JWS) of approximately \$400,000. These are more than offset by the capital profit on the sale of the Mordialloc property.

The consolidation of our two injection moulding sites into one will provide additional productivity and efficiency gains in the 2005 year and beyond. Otherwise operating earnings for the 2004 year remain within expectations and will exceed both the operating earnings and after tax profit achieved in the 2003 year.

The relocation of the Plaspak Closures manufacturing facility from its existing smaller Yalgar Road Kirrawee premises (to be completed by July 2004) will enable these premises to be leased at \$330,000 per annum inclusive of outgoings pursuant to an already agreed and committed leasing arrangement to begin in August 2004. The Kirrawee property will then be listed for sale

at \$3,500,000. If achieved this sale price would represent a capital profit of \$1,300,000 with no associated tax liability.

The proceeds of sale of the Yalgar Road Kirrawee property will also be applied to debt reduction. This will significantly further strengthen Plaspak's very sound balance sheet.

The stronger balance sheet will enable the Plaspak Board to consider larger potential acquisitions either inside or outside the plastics packaging industry. Failing a suitable acquisition opportunity being available alternative capital management strategies will be considered.

A handwritten signature in black ink, appearing to read 'Colin Ryan', with a stylized, flowing script.

Colin Ryan
Chairman

Contact regarding announcement: Mr David Hoff, Managing Director on (02) 9521-8444.