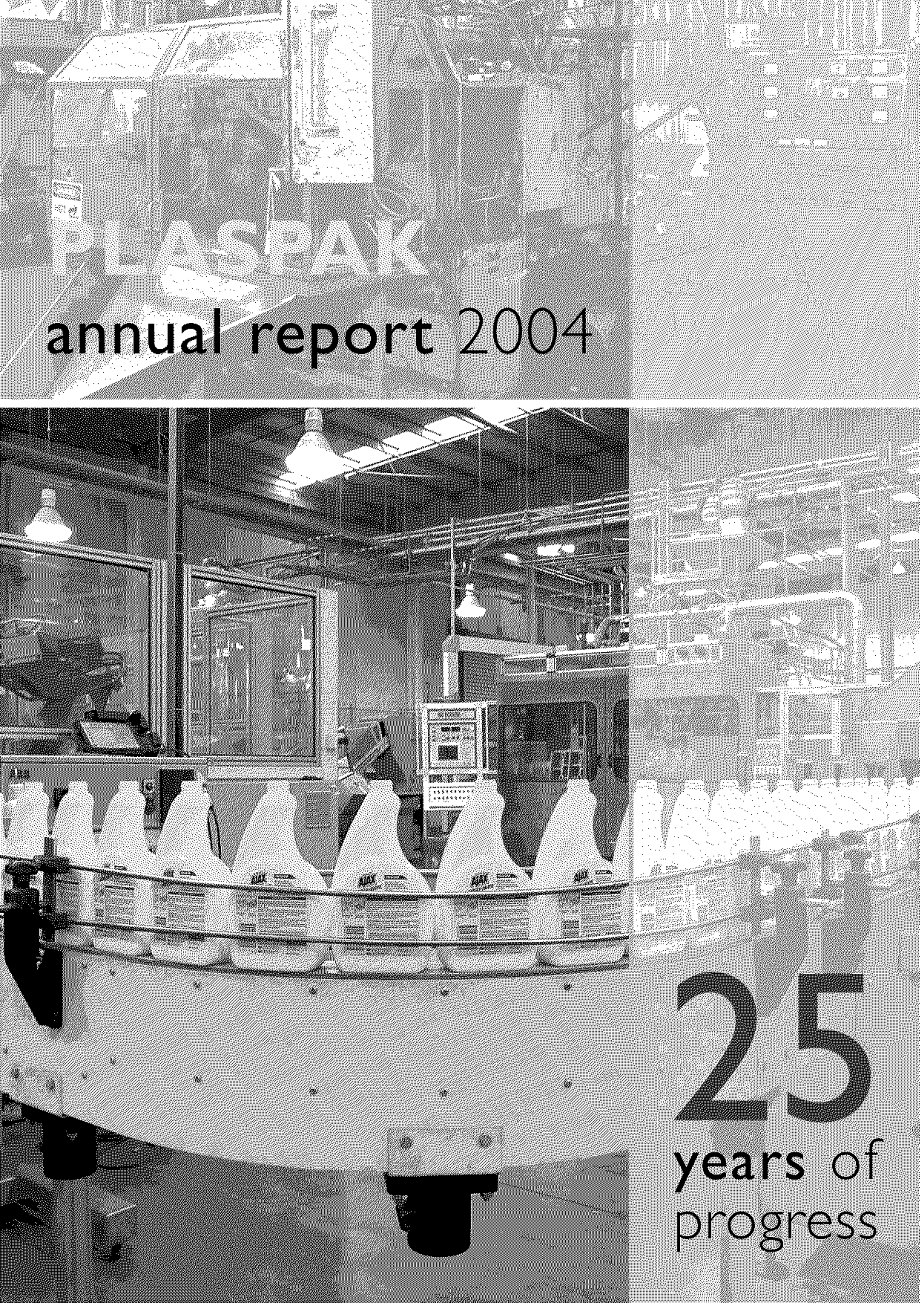
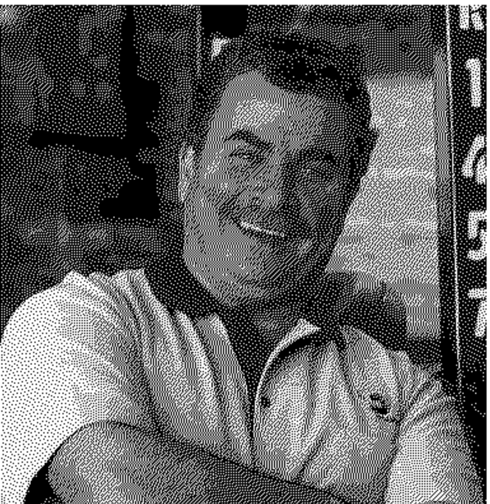


annual report 2004

25 years of progress



Elias Soumi

Storeman – Plaspak Closures

Plaspak employee for 22 years

This year we're celebrating 25 years in business. We've grown big and strong and many of our people have grown along with us.

The Plaspak 2004 Annual Report celebrates our success over the past year and tells a few stories about our early years from the perspective of some of the people who have helped us achieve this milestone and make Plaspak what it is today.

Plaspak. Moulding the Future of Packaging.™

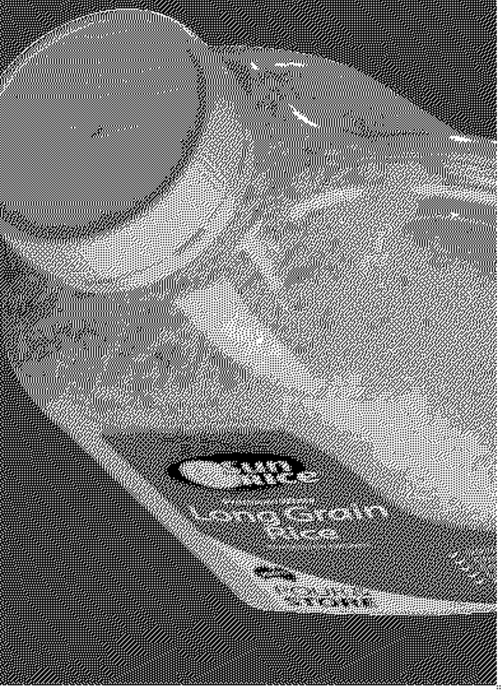
Notice of Annual General Meeting

[illegible]

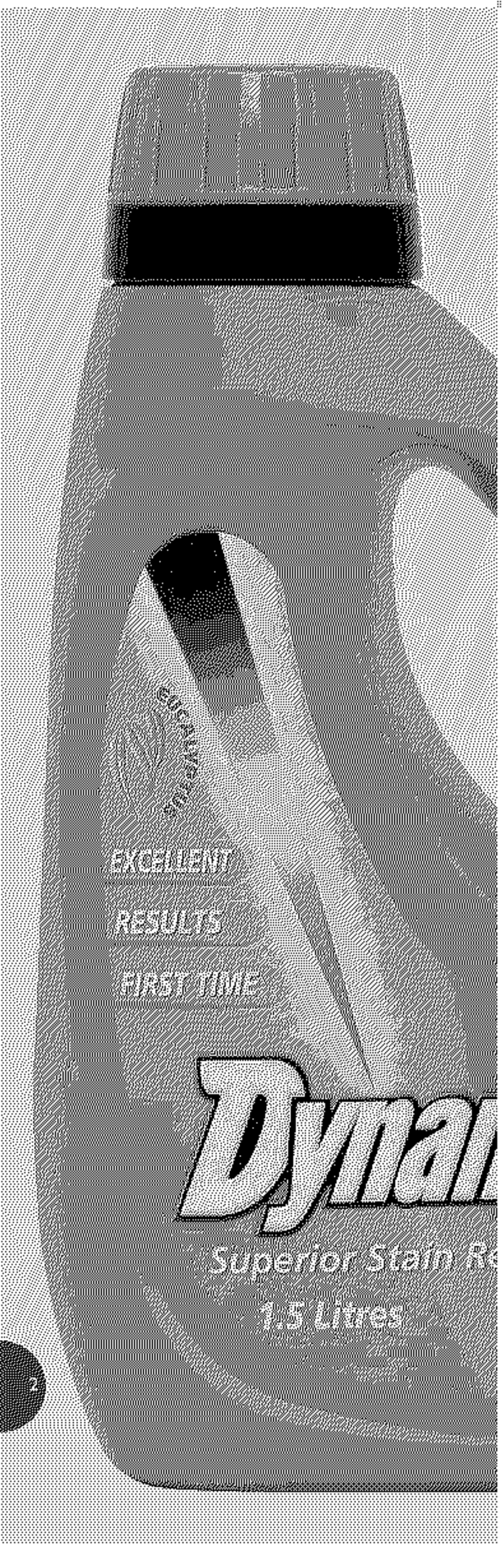
[illegible]

[illegible]

Contents



Overview



Plaspak Group Limited is a leading Australian specialist manufacturer and distributor of rigid plastic packaging and components which are supplied to domestic and overseas markets.

Diverse in our product range and production processes Plaspak produces and distributes a large variety of bottles, jars and containers; dangerous goods approved containers for the chemical and agricultural industries; containers approved for the veterinary, pharmaceutical and personal care industries; closures, caps, dispensers, trigger sprayers and pumps; and food approved packaging.

Plaspak operates from strategically located manufacturing and distribution sites enabling us to service our broad base of customers and packaging markets.

(Refer to page 11 for further location information.)

'The market is tough, and so are we. We will continue to rationalise where needed and remain competitive.' **Glenn Molloy** Founder and Executive Director

Our Commitment

At Plaspak we are committed to:

Product differentiation

QUALITY assured and accredited packaging designed to best promote our customer's individual products through tailor-made packaging solutions.

Leadership

INNOVATION & PERFORMANCE. Sound management practices and a commitment to best practice corporate governance promoting sustainable business performance, enhanced shareholder returns and heightened corporate accountability to our stakeholders.

Providing access to our innovative design and technical capabilities to make a product for our customers that is both functional in performance and superior in design while also ensuring minimal environmental impact.

Assurance

as to QUALITY and TIMELINESS of delivery to our customers, and of information to our shareholders and the market. Consistent performance ratings received from customers which reflect extremely high standards of product quality and on-time delivery.

Service

RELIABILITY in all facets of our business from design, technical support, manufacture, delivery and on-going customer assistance.

Partnering

long term RELATIONSHIPS with:

- shareholders;
- customers;
- employees; and
- the environment.

Assisting

our shareholders achieve GROWTH on their investment in Plaspak and our customers in their businesses.

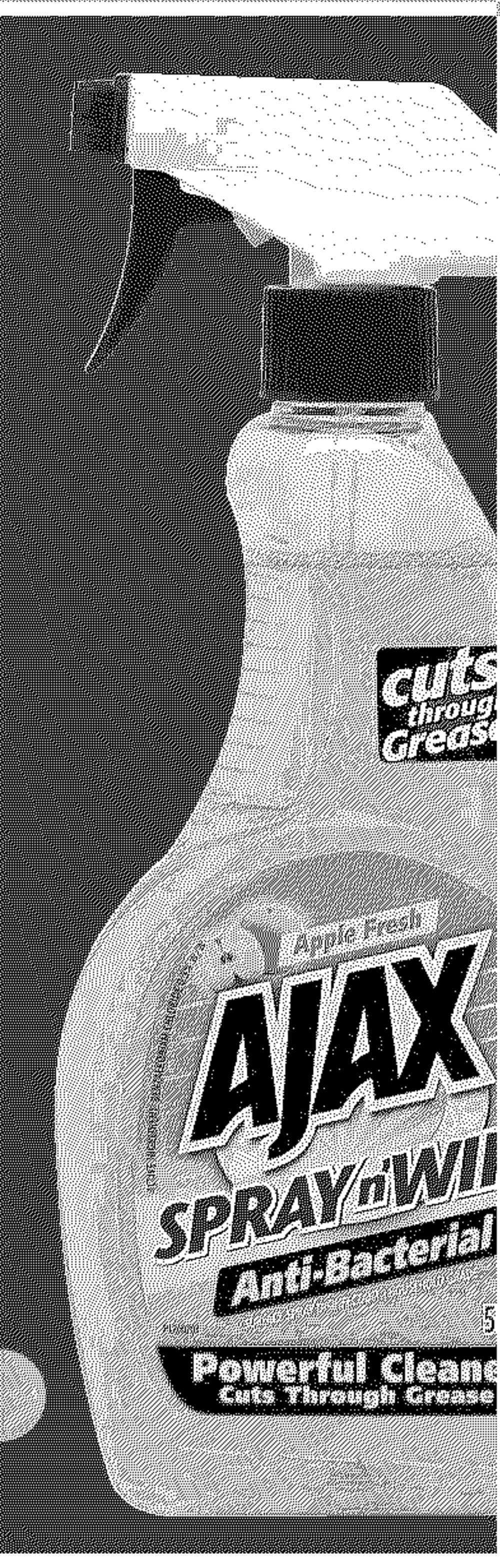
Keeping

our COMMITMENT to all of our stakeholders.

Delivering quality, innovative packaging solutions with reliability and timeliness without compromising our corporate integrity.

Acting in the best interests of our shareholders in order to maximise overall returns on their investment.

Highlights



- Divestment of the Adelaide based food packaging business of Plaspak Food Packaging Pty Limited.
- Successful implementation of the company's Corporate Governance Framework consistent with the ASX Principles of Good Corporate Governance and Best Practice Recommendations.
- Completion of the sale of the surplus to requirements company owned building in Mordialloc, Victoria the proceeds of which were used to further reduce bank debt and achieve an improvement in the debt to equity ratio.
- Acquisition of a purpose built injection moulding facility at Waratah Street, Kirrawee, New South Wales to initiate further rationalisation proposals.
- Initiation of the:
  - relocation of the Plaspak Closures manufacturing facility and head office to the new Waratah Street, Kirrawee site from the smaller Yalgar Road, Kirrawee premises;
  - leasing of the Yalgar Road, Kirrawee premises; and
  - integration and consolidation of the company's two injection moulding businesses into the new Kirrawee site as a part of the continued expansion of the Plaspak Closures business.
- The Board have declared a fully franked final dividend of 3.75 cents per share up from 3.5 cents per share on last year which, together with the previously announced increase in the interim dividend, provides shareholders with a total fully franked dividend for the 2004 year of 6.5 cents per share up 0.5 cents per share (8%) over the previous year.

Financial summary

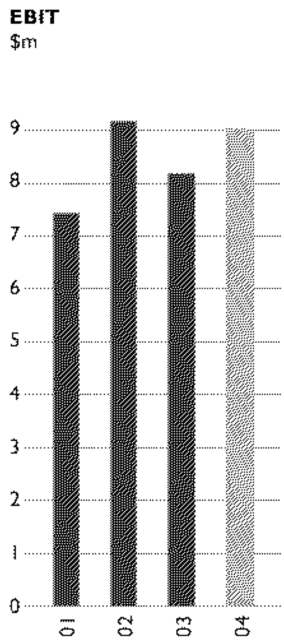
	2004 $m's	2003 $m's	Change %
Sales	73.8	84.1	(12.2)
Depreciation & amortisation	5.8	6.6	(12.1)
Earnings before interest and Tax	9.0	8.1	11.1
Interest	(2.1)	(2.2)	4.5
Operating profit before tax & individually significant items	6.9	5.9	17.2*
Individually significant items	(0.3)	(2.9)	89.7
Pre-tax profit	6.6	3.0	120
Income tax expense	0.3	(1.0)	130**
Net profit	6.9	2.0	245

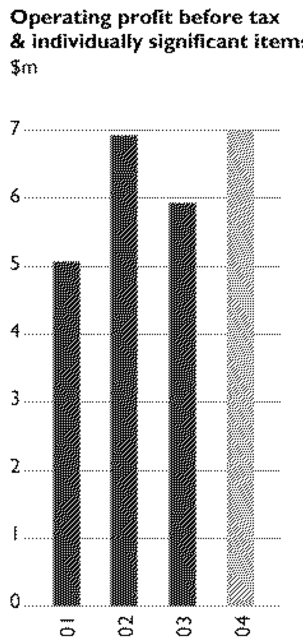
* Percentage reflects change from actual underlying profit figure before rounding consistent with the financial statements accompanying this report.

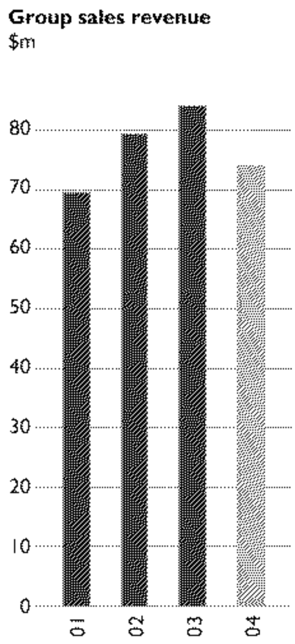
** This change reflects a positive one-off adjustment for income tax in the 2004 year from the implementation of the new tax consolidation requirements for the group.

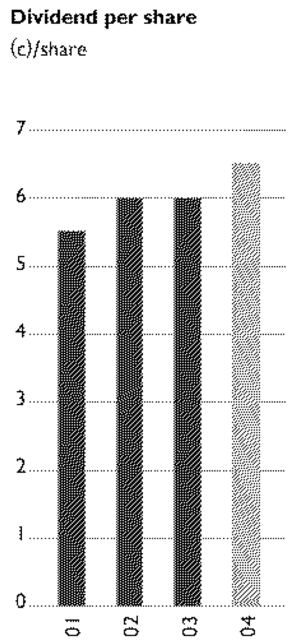
Group summary

	2004 $m's	2003 $m's	Change %
Earnings per share	10.3 cents	3.2 cents	222
Total assets	90.7	93.1	(2.6)
Shareholders equity	46.8	43.2	8.3
Net tangible assets per share	65.8 cents	61.3 cents	7.3
Dividends per share	6.5 cents	6.0 cents	8









Chairman's & Managing Director's Overview

The market platform for the 2004 financial year

Plaspak's operating profit from ordinary activities excluding individually significant items increased by 17.2% during the 2004 year compared to the previous year.

This result was achieved despite significant, unexpected and sustained raw material price increases during the reporting period the full extent of which Plaspak was unable to recover by corresponding price increases to customers.

A one-off positive adjustment of $1.8 million for income tax from the implementation of the new tax consolidation requirements for the group contributed to a significant increase in profit after tax of $6.909 million. Consequently, Earnings Per Share increased to 10.3 cents per share compared to 3.2 cents per share in the prior year.

Taking into account the strong operating performance and earnings, the Board have declared a final fully franked dividend of 3.75 cents per share, increased from 3.5 cents per share in the previous year. The total fully franked dividend for the full year is 6.5 cents per share representing an increase of 0.5 cents per share or 8% over the prior year.

Continued rationalisation initiatives

Closure last year of the Adelaide based business of Plaspak Food Packaging Pty Limited led to a reduction in overall sales for the Group in 2004 which factor further highlights Plaspak's strong operating performance.

Plaspak acquired new premises at Kirrawee (Waratah Street), New South Wales in January 2004. The new site has a floor area of 8,900 square metres compared to a floor area of 3,600 square metres at the existing Kirrawee (Yalgar Road) site. The Yalgar Road property has been the subject of a leasing arrangement since 1 August 2004 and is currently listed for sale.

Capitalising on the new site's significant additional floor space, and building on the rationalisation initiatives commenced in the 2003 year, in July and August 2004 Plaspak instigated the consolidation of the two separate injection moulding operations of Plaspak Closures and Plaspak JWS. All of the Group's injection moulding facilities and equipment are now consolidated at the Waratah Street, Kirrawee site.

'Loyalty to our customers, giving them what they want, has been the key to our success in seeking and keeping great customers.' **Glenn Molloy** Founder and Executive Director

The rationalisation of the company's injection moulding businesses into one, and the available floor space at the new Kirrawee site, will create opportunities for considerable expansion of the successful closures business and provide additional productivity and efficiency gains in the 2005 year and beyond.

Future direction

We continued to improve the strength of our balance sheet through rationalisation initiatives, debt reduction and appropriate capital management strategies.

The stronger balance sheet will enable Plaspak to consider larger potential acquisition opportunities in manufacturing either inside or outside the plastics packaging industry.

Corporate governance

During the reporting period, Plaspak successfully implemented the company's Corporate Governance Framework consistent with the *ASX Principles of Good Corporate Governance and Best Practice Recommendations*. Copies of the documents comprising this framework are publicly accessible on the company's website at **www.plaspak.com.au**.

As detailed within the Statement of Corporate Governance Practices on pages 20 to 32 of this Report, Plaspak considers its governance practices comply with each of the ten (10) core Corporate Governance Principles.

Consistent with our commitment to good corporate governance, the Board will continue to:

- review and continually improve our governance practices; and,
- monitor developments in best practice corporate governance.

Our people

Our people continue to provide Plaspak with the competitive advantage required to satisfy the needs of our customers and stakeholders.

The evolution of the Plaspak business over the past 25 years has seen many valued contributions from dedicated employees committed to ensuring the success of the company. This year has seen a continuation of this commitment from our people.

The Board would like to record our appreciation of the way in which our people have continued to meet their challenges during the past year and for the overall contribution they have made to the success and growth of the Plaspak business over the past 25 years.

The business outlook

The Australian economy continues to show solid growth with the world economy also showing signs of recovery. However oil products continue to hit ever higher record prices and the high demand and short supply of both plastic feedstocks and plastic resins places pressure on margins.

The further rationalisation of our business undertaken in 2004 will again be earnings positive in 2005. Taken together with additional automation projects and improved factory efficiencies this will provide Plaspak with a competitive market edge to continue to grow the business in 2005.

A strong balance sheet and earnings history support and represent the ability for Plaspak to grow through strategic acquisitions, continue our strategy of investing in new technology and enable further growth and increased operating earnings and returns to shareholders in 2005.

Review of Operations

The 2004 year saw Plaspak regain its profit momentum with a 17.2% increase in operating earnings despite a drop of 12.2% in sales as a result of the closure of the Adelaide based food packaging business.

Instability in plastic resin pricing which began in the first half and escalated in the second half, combined with the effect of the continuing drought in NSW and water restrictions along the Eastern seaboard, affected sales and profitability. This has continued into the current reporting period.

Plaspak anticipates further modest growth in operating earnings in the 2005 year with strong prospects for more substantial increases in subsequent years.

New South Wales

Plaspak Contaplas

New customer supply contracts, automation and improved operating efficiencies combined to further improve Plaspak Contaplas's contribution to the Group in 2004. Further machine upgrades planned for the coming year should see a continuing improvement in margins and profitability.

Plaspak PET

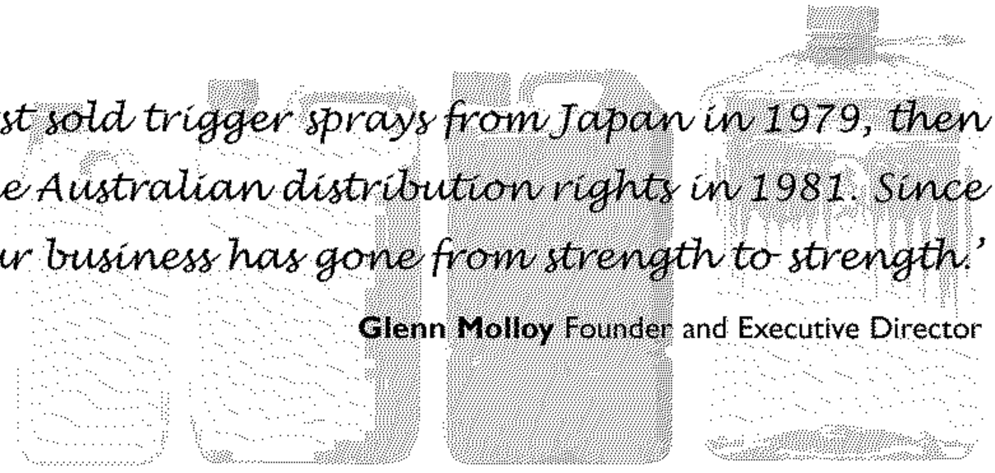
This business suffered from intense price competition in the marketplace particularly as a result of the trade sale of the ACI plastics businesses. However whilst other ACI plastic businesses were sold late in the first half of 2004 the ACI PET business remains unsold and continues to influence pricing and margins. Increased resin prices also affected the ability to win new sales by conversion of existing products to PET and it was not possible to quickly recoup those increases from the market.

Changes which have been implemented to the structure of this business will enhance our ability to grow sales in 2005 and should see it increase its contribution to the Group.

Plaspak Steri-Plas

This business unit again provided a significant contribution in 2004.

It has begun to manufacture and sell tablet bottles and caps to the Indian pharmaceutical industry for supply to the generic drug market in the USA. Whilst only small quantities will be sold in the current year growth is



'We first sold trigger sprays from Japan in 1979, then bought the Australian distribution rights in 1981. Since then, our business has gone from strength to strength.'

Glenn Molloy Founder and Executive Director

expected to accelerate in 2006 as Indian customers receive FDA certification for their manufacturing facilities.

There are also new products coming on stream in mid 2005 for a German pharmaceutical company which will produce in Australia certain drug products for world wide distribution.

A new patented packaging product for use in the building industry has been exhibited to and successfully trialled by potential customers in USA, Europe and Australia and will commence production in the second quarter of 2005.

These opportunities will provide a solid base for the growth of this business in the coming years.

Plaspak JWS

This business unit had a disappointing year in that it failed to achieve an expected profit increase from additional injection moulding work transferred from Victoria.

Accordingly, all injection moulding work was retransferred to our new closures site at Kirrawee in mid August 2004 and the existing Plaspak JWS site at Seven Hills rationalised. The purchase of new automated equipment, with consequent reduction in labour costs, should enable Plaspak JWS to maintain its level of contribution to Group earnings in the 2005 year.

Plaspak Closures

This business performed very well meeting all targets and with the additional work transferred from Victoria significantly improved its profit contribution to the Group.

Following the sale of the Mordialloc premises which were previously occupied by Plaspak Food Packaging (Vic), Plaspak Closures leased a small warehouse to enable it to service Victorian closures customers and retain a sales presence in that market.

The Sydney manufacturing plant was relocated to our new site at Kirrawee in July 2004 with minimal disruption and all machines performing to standard on start up.

With the additional injection moulding work transferred from JWS in August, 2004 it is expected this business will provide a further increase in its contribution to Group earnings in the 2005 year.

Victoria

Plaspak Peteron

Peteron Plastics changed its name to Plaspak Peteron during the year to capitalise on the Group identity.

In June 2004 a discrepancy was discovered by Customs in the calculation of duty paid on imported PVC resin. This resulted in an additional payment in July of $352,000 covering imports over a 2 year period. The original incorrect duty was calculated and advised to Peteron by its customs agent. This gave Peteron no opportunity to recover this additional cost in the marketplace where major customers have rise and fall clauses for raw materials. Plaspak is continuing investigations in relation to its entitlement to recover the additional duty from the customs agent. The full amount of this impost was taken up in the 2004 year. No allowance has been made in the current reporting period with respect to the recovery, if any, of amounts from the customs agent.

Review of Operations (continued)

This business in its second year of ownership increased both sales and profit contribution to the Group. Further new machines including PET technology were added during the reporting period which will see a continuation in growth and performance for 2005.

Queensland

Plaspak QP

Plaspak QP increased its contribution to Group results in 2004.

New business in PET products was gained late in June 2004 from an existing customer who transferred to Australia products previously manufactured in New Zealand.

This business is expected to further grow its contribution to the Group in 2005.

Plaspak Tecno

This business saw a major reduction in its profit in 2004 due to the closure of the Townsville manufacturing facility of a major juice customer who represented 50% of this business units sales.

In addition in July 2004 its other major customer, whom we reported last year as having some financial difficulties went into administration.

As previously reported Plaspak Tecno represented only 2.4% of Group sales in 2003. This reduced to 2.0% in 2004.

We are awaiting the outcome of the administration to assess the continued viability of Plaspak Tecno, however, if the plant is closed there will be minimum shut down costs or impact on earnings.

South Australia

Plaspak Food Packaging

This business was fully divested by 31 August 2003. Sales of $909,000 were made in the period between 1 July and 31 August before final settlement occurred.

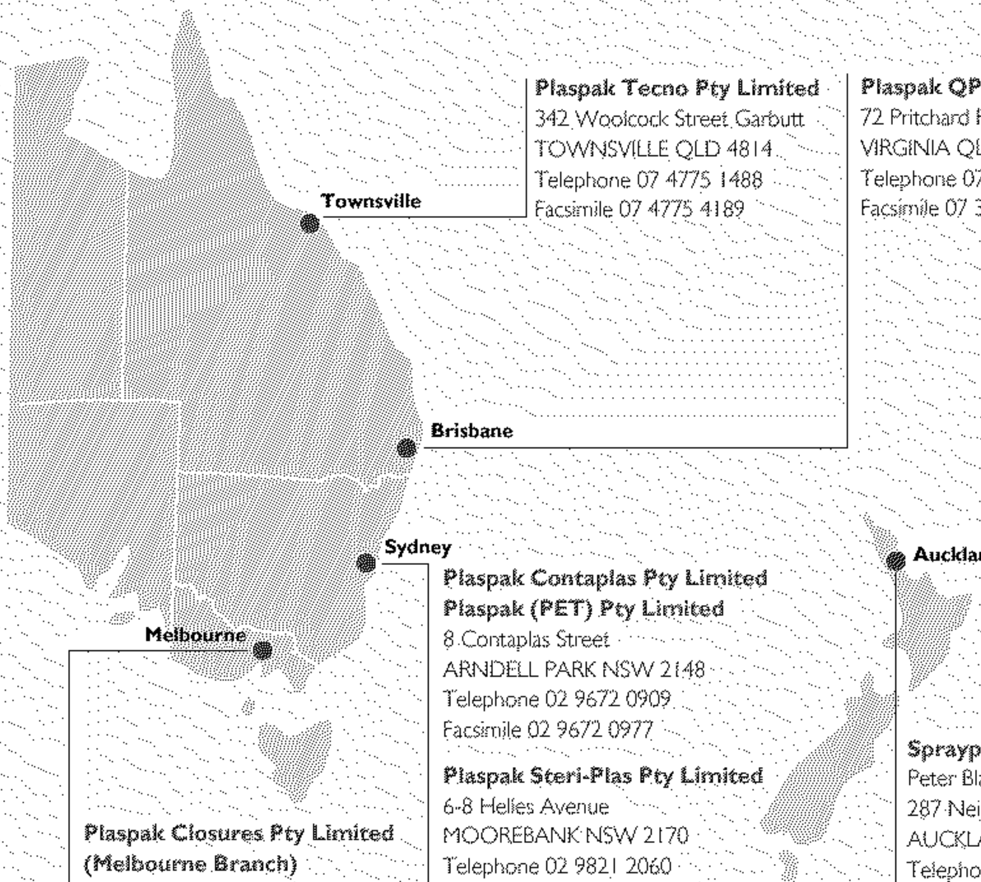
Further shutdown costs of $146,000 were also incurred during this period.

New Zealand

This joint venture, located in New Zealand continued to successfully distribute trigger sprays, caps and specialty closures during the reporting period.

Managed and operated by our joint venture partner, Peter Blackett, this business has continued its steady contribution to Plaspak's earnings for the year.

New closures plant at Kirrawee.



Plaspak Tecno Pty Limited
342 Woolcock Street Garbutt
TOWNSVILLE QLD 4814
Telephone 07 4775 1488
Facsimile 07 4775 4189

Plaspak QP Pty Limited
72 Pritchard Road
VIRGINIA QLD 4014
Telephone 07 3865 3833
Facsimile 07 3865 3862

Plaspak Closures Pty Limited (Melbourne Branch)
136 Williams Road
DANDENONG VIC 3175
Telephone 03 9791 8386
Facsimile 03 9791 8546

Plaspak Peteron Pty Limited
36-42 Hydrive Close
Remington Industrial Estate
DANDENONG SOUTH VIC 3175
Telephone 03 9799 8877
Facsimile 03 9799 8866

Plaspak Contaplas Pty Limited
Plaspak (PET) Pty Limited
8 Contaplas Street
ARNDELL PARK NSW 2148
Telephone 02 9672 0909
Facsimile 02 9672 0977

Plaspak Steri-Plas Pty Limited
6-8 Helles Avenue
MOOREBANK NSW 2170
Telephone 02 9821 2060
Facsimile 02 9821 2038

Plaspak JWS Pty Limited
13A Stanton Road
SEVEN HILLS NSW 2147
Telephone 02 9624 4488
Facsimile 02 9674 6592

Plaspak Closures Pty Limited
25-27 Waratah Road
KIRRAWEE NSW 2232
Telephone 02 9521 8444
Facsimile 02 9521 4561

Spraypac Products (NZ) Limited
Peter Blackett (Managing Director)
287 Neilson Street Onehunga
AUCKLAND NZ
Telephone 0011 64 9 634 3890
Facsimile 0011 64 9 634 3891

Left to right: Colin Ryan, David Hoff, Glenn Molloy, Jury Wowk and Raymond Beath.

Board of Directors

Colin Ryan

Chairman & Independent Director

B.Comm., Dip Ed., CA (67)

Securities held: 350,000(1), 300,000(2)

Member of the Board since November 1995 and Chairman since March 1999. Member of the Audit Committee.

Background: Colin Ryan is an independent director of Plaspak Group Limited and has no business relationship with the company or its related bodies other than his directorship. Mr Ryan manages an investment and professional consultancy business providing a variety of professional management, financial and marketing services to various businesses. This follows experience as a Chartered Accountant and extensive service as an executive and non-executive director of various public companies. Mr Ryan has a Bachelor of Commerce degree from the University of New South Wales, a Diploma of Education from Sydney University and is an Associate Member of the Institute of Chartered Accountants.

Other Public Company Directorships:

The University of New South Wales Foundation Limited, Director.

Relevant Associated Directorships:

Estateways Pty Ltd **

David Hoff

Managing Director

C.P.A (55)

Securities held: 856,960(1), 400,000(2)

Member of the Board since November 2000.

Background: David Hoff joined the Company as Chief Executive Officer in 1997 and was appointed its Managing Director in November 2000. Mr Hoff has over 25 years experience in the plastics industry gained with multinational corporations based in the United States of America, Europe, and with a global packaging company in the Asia region. He is a Certified Practicing Accountant.

Relevant Associated Directorships:

Wildam Investments Pty Ltd **.

Glenn Molloy

Executive Director

(49)

Securities held: 7,162,975[1]

Member of the Plaspak Group Limited Board since listing on 21 December 1994.

Founder of Plaspak Pty Limited in 1979.

Background: Glenn Molloy founded Plaspak Pty Ltd in 1979 and has acted as a director of the consolidated entity since that time. He has extensive experience in, and knowledge of, the plastics industry and the packaging marketplace gained through building the consolidated entity to its current position. Mr Molloy is also a development committee member of the 'learning for life' programme conducted by the Smith Family Charity.

Other Public Company Directorships:

HomeLeisure Limited, Non-Executive Director

Hudson Timber Products Limited, Non-Executive Director

Qven Limited, Non-Executive Director

The Grand Golf Club Limited, Non-Executive Director

The Grand Investments Australia Limited, Non-Executive Director

Relevant Associated Directorships:

Corso Management Pty Limited *

Corso Management Services Pty Limited *

Spa-Finders Pty Limited *

Quality Dispensers Pty Limited *

Jury Wowk

Non-Executive, Independent Director

BA., LLB (53)

Securities held: 67,302[1], 300,000[2]

Member of the Plaspak Group Limited Board since listing on 21 December 1994.

Background: Jury Wowk is a Partner of Doherty Partners, Barristers and Solicitors and has provided legal services to the Plaspak Group since its establishment in 1979.

From 1987 to 1989, Mr Wowk performed the role of Operations Manager at Plaspak Pty Ltd gaining valuable hands on practical experience in the management of the company's operations.

Mr Wowk has a Bachelor of Arts Degree and a Bachelor of Laws Degree from the University of Sydney. He is also a Law Society of New South Wales Accredited Specialist in Business Law and an Associate Member of the Australian Institute of Company Directors.

Other Public Company Directorships:

HomeLeisure Limited, Non-Executive Director

Relevant Associated Directorships:

Dealcity Pty Limited **

Raymond Beath

Non-Executive, Independent Director

B.Comm, F.C.A (54)

Securities held: 42,821[1], 300,000[2]

Member of the Plaspak Group Limited Board since listing on 21 December 1994.

Member of the Audit Committee.

Background: Raymond Beath is the Managing Partner of Holden & Bolster, Chartered Accountants. He has a Bachelor of Commerce (Accounting) degree from the University of N.S.W and is a Fellow of the Institute of Chartered Accountants. Mr Beath has advised the consolidated entity on taxation, corporate and financial management since 1984 and he has been non-executive director of Plaspak Australia Pty Limited since 1986.

Relevant Associated Directorships:

Holden & Bolster Services Pty Ltd **

(1) Fully paid ordinary shares held directly or indirectly as at 28 September 2004.

(2) Beneficially held options over unissued ordinary shares as at 28 September 2004.

* Refer to page 34 of the Directors' Report for a description of the involvement of each of these related entities.

** This entity holds shares and/or options in Plaspak Group Limited and the named director is also a director and member of this entity.

Five Year Historical Performance

Consolidated		2004	2003	2002	2001	2000
Statement of financial performance						
Sales Revenue	$m	**73,817**	84,120	79,522	69,453	68,761
Profit from ordinary activities before interest, tax, depreciation, amortisation, and significant items (EBITDA)	$000	**14,790**	14,740	15,024	12,341	11,163
Profit from ordinary activities before interest, tax and significant items (EBIT)	$000	**9,019**	8,174	9,171	7,406	6,301
Profit from ordinary activities before tax and significant items	$000	**6,956**	5,935	6,920	5,059	4,276
Net profit attributable to members of Plaspak Group Limited	$000	**6,909**	2,081	4,856	3,272	3,191
Statement of financial position						
Total assets	$000	**90,700**	93,100	84,700	79,135	76,414
Net debt	$000	**29,525**	32,737	33,733	29,609	28,705
Equity attributable to members of Plaspak Group Limited	$000	**46,694**	43,078	44,002	31,095	29,622
Total equity	$000	**46,845**	43,229	44,153	31,246	29,773
Share information						
Dividends on ordinary shares	$000	**4,194**	3,951	3,074	3,028	2,934
Dividends per ordinary share	cents	**6.5**	6.0	6.0	5.5	5.5
Dividend payout ratio	%	**60.7**	189.8	63.3	92.5	91.9
Number of ordinary shares issued at year end	$000	**67,558**	66,499	64,910	55,348	53,025
Market capitalisation	$000	**64,180**	63,839	81,138	38,190	31,815
Ratios and statistics						
Return on equity attributable to members of Plaspak Group Ltd	%	**14.7**	4.8	10.9	10.5	10.7
Basic earnings per share	cents	**10.3**	3.2	8.4	6.0	6.0
Debt/equity	%	**63.0**	75.7	76.4	94.8	96.4
Debt/(Equity – Intangibles)		**66.4**	80.4	81.8	104.8	108.1
Interest cover (times)		**4.75**	3.65	4.07	3.16	3.11
Net Tangible Assets per Share	cents	**65.8**	61.3	63.5	49.9	49.9

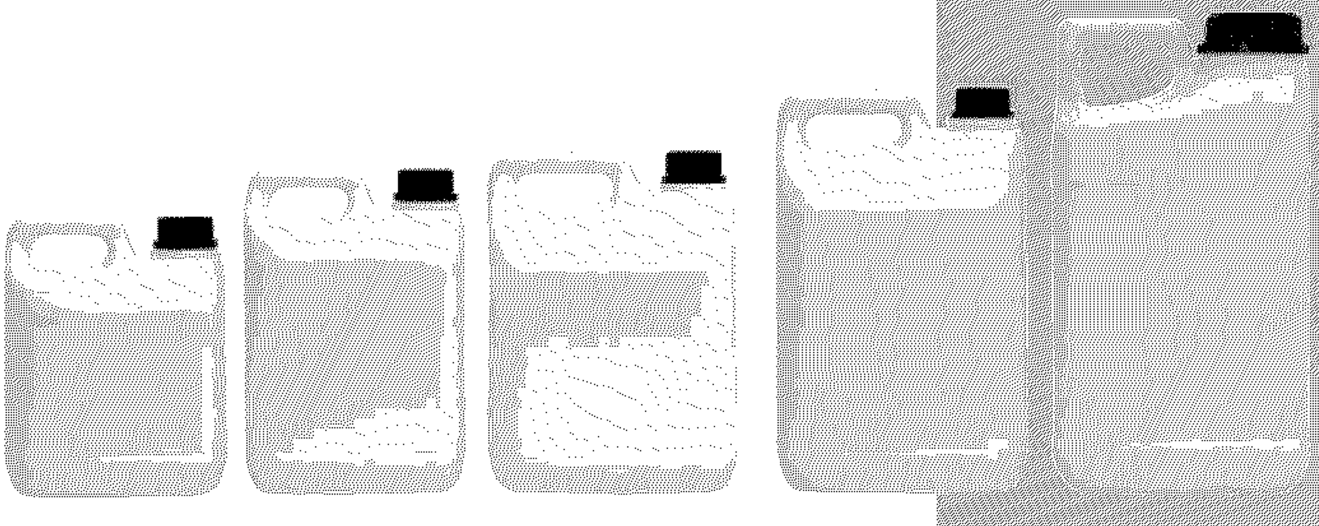
25 years of PLASPAK

'Key to our business success is the family business attitude that is fostered throughout the company. We have strong, loyal teams of people, many of whom have been with us a long time.'

Glenn Molloy
Founder and Executive Director

and loving it...

Plaspak has benefited from expansion and a high level of success over the last 25 years. Key to that success is the great work and dedication of our people. A few would like to share their story...



Jean Whitworth
Senior Accountant – Plaspak Head Office

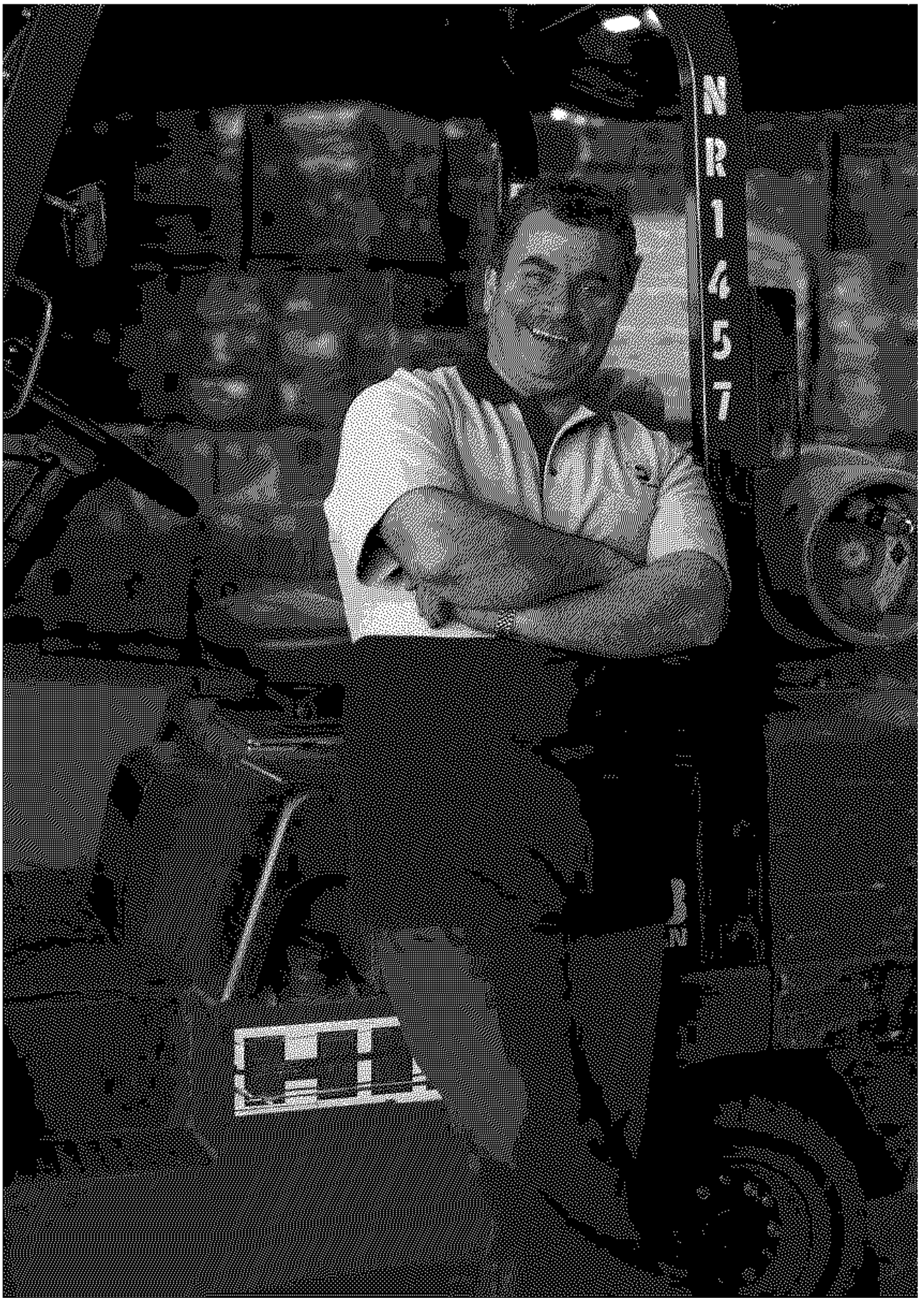
'As a senior accountant I look after 3 accountants in the head office. I've been at Plaspak for a total of 18 years and I think it's the opportunities and friendly atmosphere that makes is such a great place to work. Plaspak is very supportive of its people, both career and personal support.

Everyone I work with is very dedicated to their job and they enjoy working here, they know they will get support when they need it. Many women here have left to have children, and returned later. We're a big happy family, we work together and we socialise together, what could be better?'

Elias Soumi (JP)
Storeman –
Plaspak Closures

'27 years ago, at the age of 17, I arrived in Australia from Lebanon. Shortly after I arrived I got my first job at Neta-Brymac before it was purchased by Plaspak. 27 years later I am still here and I am enjoying each day the same as I did when I started.

I've seen lots of changes in the business, when I started there were just six machines now the business is huge but it still has the feeling of a small family. There are lots of nationalities working at Plaspak, but we all have a common goal, we all want the company to do well. Plaspak has looked after us, and we want to look after Plaspak.'



Tran Du Minh

Die Setter – Plaspak Contaplas

'I started working at Plaspak 22 years ago and I enjoy each day. There is a happy, friendly atmosphere here making it a good place to work. I am a die setter, but I also do technical trouble shooting, problem solving, and process managing. This is not my normal work but I want to do everything I can to help the business. My superiors appreciate that I will do what I can to get the machines and the processes running as smoothly as possible.

Plaspak is understanding of my family responsibilities and is flexible and supportive. This is important to me and my family, it helps day to day, and has also allowed me to take my whole family back to Vietnam this year.'

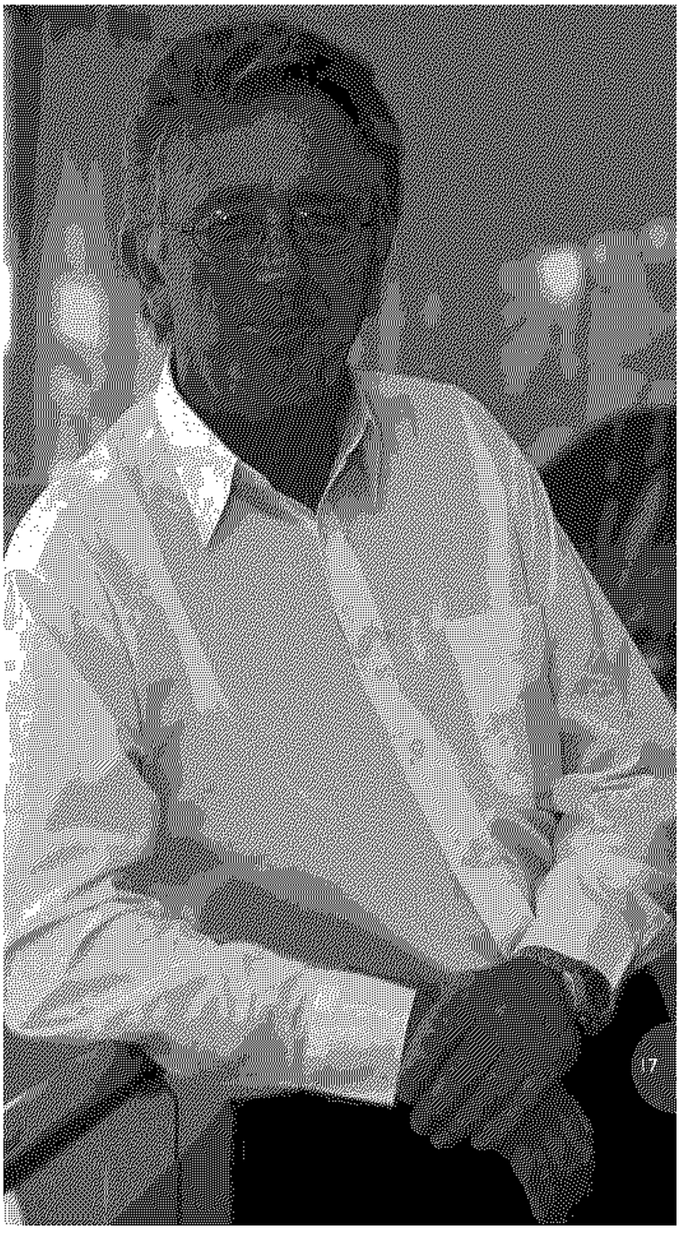
Paul Vincent

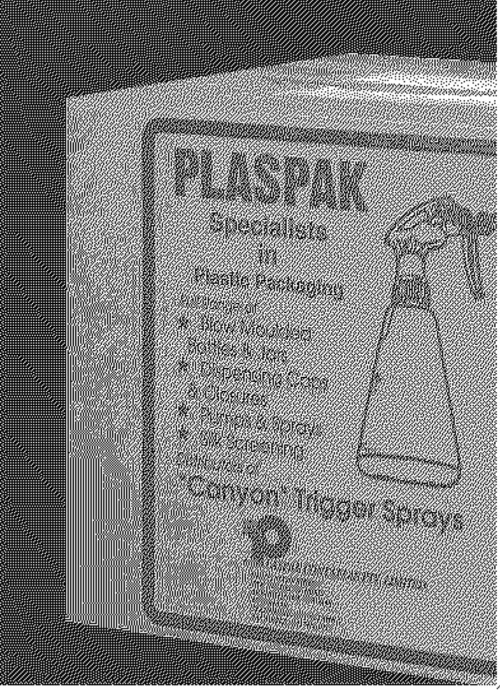
Operations Manager – Plaspak Contaplas

'One year after arriving in Australia from the UK, I started working at Plaspak as a Die Setter - that was 22 years ago. The business has changed a lot since I started,progressing from from being a small privately owned business to now being a publicly listed company with eight operations on the eastern seaboard. There have been many ups and downs, but I've enjoyed the challenges and opportunities along the way.

There are a lot of long-term employees at Plaspak, with a large portion being 10 years plus. This is testament to the loyalty the business creates from its employees.

The company has been supportive of me and in turn I feel a strong sense of loyalty to Plaspak. Among other things, it has allowed me to have a great life in Australia and to indulge my passion for 4WD offroad driving,visiting many remote areas of this country.'





People, Safety & Environmental Management

People & Safety

During this year, the Plaspak Group continued its strong commitment to the prevention of injuries and harm in the workplace with positive results achieved through the success of our workplace health and safety systems and policies.

Workers compensation costs across the Plaspak Group decreased during the year.

The year in review saw continuing focus and commitment to health and safety through a group wide commitment to maintaining the highest occupational health and safety standards for the benefit of our employees, contractors and visitors.

Plaspak has continued to build on the work practices and management systems developed in consultation with independent professional O H & S consultants engaged by the Company during the 2002 reporting period in anticipation of the then forthcoming changes to the occupational health and safety legislation in New South Wales.

During the reporting period Plaspak successfully completed the development and implementation of our O H & S and Injury Management System rendering it compliant with the WorkCover NSW benchmarks for the Premium Discount Scheme.

These systems have been the subject of on-going independent audits and assessments at all sites in New South Wales and have been adopted, where appropriate and relevant, to other Plaspak sites within Australia.

The Board ensures that the Company complies with all relevant occupational health and safety legislation and regulations and continually reviews the process through the use of employee consultation, workplace committees, legal advisers and consultants.

Information relating to occupational health and safety issues is regularly considered by the Board which makes recommendations, where necessary, for the improvement in workplace systems and practices.

'Plaspak has built a reputation for being a great place to work and has therefore attracted the very best people.' **Glenn Molloy** Founder and Executive Director

Plaspak also developed and implemented a comprehensive employment practices manual during this period which confirms minimum standards of behaviour of employees, contractors, directors and officers while reinforcing the importance of compliance with applicable laws and regulations including those relating to occupational health and safety obligations.

Privacy

Plaspak has developed a Privacy Disclosure Statement consistent with the National Privacy Principles incorporated in prevailing privacy laws dealing with the collection, use, disclosure, security, access and accuracy of information available to it during the course of its business operations. The Company has appointed a designated Privacy Officer to deal with queries regarding the application of the policy.

Environmental Management

Plaspak remains dedicated to minimising the effect of operations on the environment. In December 1999 Plaspak Group became a signatory to 'The National Packaging Covenant' – a co-operative self-regulatory approach between industry and all sections of government to the lifecycle management of packaging and paper including its recovery, utilisation and ultimate disposal.

During the reporting period, the fourth 'Plaspak Group Limited Action Plan' was developed and approved for registration by the National Packaging Covenant Secretariat.

A committee has been established to monitor the performance of the company against measured environmental outcomes detailed within the plan and to ensure the longevity of the Plaspak Action Plan through a process of continual improvement.

Plaspak was one of the first rigid plastic packaging manufacturers to have achieved registration of the plan and remains dedicated to ensuring the relevancy of the Action Plan to its contemporary business and manufacturing practices. The 'Plaspak Group Limited Action Plan' is publicly available at **www.packcoun.com.au/covt.html** or on the Company's website at **www.plaspak.com.au**.

Statement of Corporate Governance Practices (2004)

Plaspak's Approach to Corporate Governance and Responsibility

The Plaspak Board of Directors is committed to the principles underpinning best practice in corporate governance, applied in a manner which is best suited to Plaspak, and to best addressing the directors' accountability to shareholders and other stakeholders. This is supported by an overriding organisation-wide commitment to the highest standards of legislative compliance and financial and ethical behaviour.

During the reporting period, a comprehensive internal review was undertaken by Plaspak of its existing corporate governance practices measured against the *ASX Principles of Good Corporate Governance and Best Practice Recommendations* ('ASX Best Practice Recommendations') and the Australian Standard AS 8000 *Good Governance Principles*. The Commonwealth Government's CLERP 9 proposals were also considered.

Plaspak has analysed these developments and adapted practices where appropriate to ensure that the Company continues to address director's accountability to stakeholders in a manner consistent with the Company's individual circumstances enhanced through the introduction of publicly available policies and procedures which are designed to foster a culture of transparency in the way Plaspak is directed and managed.

As a measure of its stated commitment to the principles of best practice corporate governance, the Board will continue to:

- review and continually improve its governance practices; and,
- monitor developments in best practice corporate governance.

Report on Compliance with the ASX Best Practice Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the twenty eight (28) ASX Best Practice Recommendations in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision. Where a recommendation has been followed for only part of the period the company must state the period during which it had been followed.

As detailed within this Statement of Corporate Governance Practices, Plaspak considers its governance practices comply with each of the ten (10) core Corporate Governance Principles and twenty five (25) of the ASX Best Practice Recommendations.

A table summarising the level of compliance with each of the recommendations is found on pages 31 to 32 of this Statement of Corporate Governance.

For the reasons expressed within this Statement, Plaspak has elected not to adopt *ASX Best Practice Recommendations 2.4, 4.3 and 9.2*.

Plaspak has posted copies of its relevant corporate governance policies and practices to its website consistent with the *ASX Best Practice Recommendations*.

Plaspak's Statement of Corporate Governance Practices, and copies of its policies, is available in the designated corporate governance area of its website at **www.plaspak.com.au**.

Date of this Statement

This statement outlines the:

- ten (10) core Principles, and twenty eight (28) Recommendations identified by the ASX as underlying good corporate governance;
- main corporate governance practices of Plaspak during the year to 30 June 2004, except where stated otherwise.

ASX Principle 1: Lay solid foundations for management and oversight

ASX Recommendation 1.1:

Formalise and disclose the functions reserved to the board and those delegated to management.

Plaspak: The Board has formalised its roles and responsibilities into a Charter. The Board Charter clearly defines the matters that are reserved for the Board and those that the Board has delegated to management.

In summary, the responsibilities of the Plaspak Board include:

- oversight of the company, including its control and accountability systems;
- setting the company's major goals including the strategies and financial objectives to be implemented by management;
- appointing, removing and controlling the Managing Director;
- ratifying the appointment and, where appropriate, the removal of the chief financial officer and/or company secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring that appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- corporate governance.

The Board has delegated responsibility to the Managing Director for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing Plaspak's annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget;
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board; and,
- making recommendations for the appointment of senior management, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for senior management roles;
- approval of capital expenditure and business transactions within predetermined limits set by the Board.

Plaspak's Board Charter is available in the corporate governance section of its website at **www.plaspak.com.au**.

ASX Principle 2: Structure the board to add value.

ASX Recommendation 2.1:

A majority of the board should be independent directors.

Plaspak: Independence.

A Plaspak director will be considered independent where he or she is:

- independent of management, that is, a non-executive director; and,
- free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement.

Materiality is assessed on a case by case basis by reference to the director's individual circumstances rather than general materiality thresholds.

The Plaspak Board has made its own assessment to determine the independence of each director on the Board. It is the Board's view that each of the non-executive directors is independent.

The Board have established criteria for assessing independence of its directors and these can be found in the corporate governance section of the Plaspak website at **www.plaspak.com.au**.

Composition of the Board

The Plaspak Board comprises three (3) non-executive directors and two (2) executive directors.

The composition of the Board is set based on the following factors:

- the Company's Constitution provides for the number of directors to be not less than three (3) and not more than ten (10) as determined by the directors from time to time;
- the Board has adopted a policy that the position of Chairman will continue to be held by a non-executive director;
- consistent with the Company's objective that the Board should encompass a broad range of relevant expertise, the present Board consists of two directors with extensive successful plastics packaging industry experience, a practising Chartered Accountant, a practising Solicitor, and a Director who consults in financial and general management and who has wide experience as a member of other listed company boards.

Plaspak's Constitution is available in the corporate governance area of its website at **www.plaspak.com.au**.

There are no shareholding requirements imposed upon directors under the Company's constitution. All of the Plaspak Board do, however, hold shares in the Company.

Details of all holdings by directors in the Company are detailed within the report of the directors.

ASX Recommendation 2.2:

The chairperson should be an independent director.

The Chairman is selected by the Board from the non-executive directors.

The current chairman, Mr C Ryan, is a non-executive, independent director appointed by the Board. He has been a director of Plaspak since November 1995 and Chairman since March 1999.

ASX Recommendation 2.3:

The roles of chairperson and chief executive officer should not be exercised by the same individual.

Plaspak: Plaspak's Chairman, Mr C Ryan, and its Managing Director, Mr D Hoff, have separate roles. The roles and responsibilities of the Chairman and the Managing Director are set out in the Board Charter which is available within the designated corporate governance area of the company website at **www.plaspak.com.au**.

ASX Recommendation 2.4:

The board should establish a nomination committee.

Plaspak: Plaspak has elected not to adopt this recommendation because it considers that its existing selection and appointment practices, detailed within this Statement, are an efficient means of meeting the needs of the company, particularly having regard to the fact that Plaspak is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board structure and composition.

The Plaspak Board consists of only 5 members. It is considered that further division of the Board for the purposes of establishing a formal committee structure would not achieve enhanced efficiency or enable the Board to add greater value to this process.

The small size of the Plaspak Board, and the nature of its business, means that Plaspak has the present capacity to consider director competencies, selection and nomination practices in the context of duly constituted meetings of the Board and as a part of its self-evaluation processes.

ASX Recommendation 2.5:

Provide the information included in the Guide to Reporting on Principle 2

- *Skills, experience and expertise of each director.*
- *Term of Office*

The qualifications, experience and expertise of the directors, and the respective terms in the office held by individual directors, are set out in the Annual Report.

Names of Independent Directors

It is the Board's view that each of the following non-executive directors is independent:

- Mr C Ryan
- Mr J Wowk
- Mr R Beath

Independent Professional Advice

Plaspak has in place a procedure whereby, after appropriate consultation, directors are entitled to seek independent professional advice, at the expense of Plaspak, to assist them to carry out their duties as directors. The policy of Plaspak provides that any such advice is made available to all directors.

Procedure for Selection and Appointment of New Directors

The process for appointing a director within Plaspak is that, when a vacancy exists, the Board identifies candidates with the appropriate expertise and experience, using external consultants as appropriate. The most suitable candidate is appointed but must stand for election at the next annual general meeting following the appointment.

Consistent with the current law there is no retirement age for directors fixed by the Company's Constitution.

The process for re-election of a director is in accordance with the Company's Constitution , which requires that each year, at least one-third of the non-executive directors retire from office at the Annual General Meeting. The retiring directors may be eligible for re-election.

ASX Principle 3: Promote ethical and responsible decision-making.

ASX Recommendation 3.1:

Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any key executives as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity;

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Plaspak: Plaspak has developed a Code of Conduct for Directors and Officers which is designed to ensure that:

- high standards of corporate and individual behaviour are observed by all Plaspak directors and executives in the context of their respective roles and the performance of their duties with Plaspak; and,
- directors and executives are aware of their responsibilities to Plaspak under the terms of their appointment or contract of employment; and,
- all of the stakeholders of the Company can be guided by the stated values and policies of Plaspak.

In summary, the Code provides that directors, officers and executives must:

- act honestly, in good faith and in the best interests of the company;
- use due care, skill and diligence in the fulfilling their duties;
- use the powers of their position for a proper purpose, in the interests of the company;
- not make improper use of information acquired by virtue of their position;
- not allow personal interests, or those of associates, to conflict with the interests of the company;
- exercise independent judgement and actions;
- maintain the confidentiality of company information acquired by virtue of their position;
- not engage in conduct likely to bring discredit to the company;
- comply at all times with both the spirit and the letter of the law, as well as, policies of the company.

Directors of the company may act in a professional capacity for the Company or its controlled entities, other than as auditor of the Company. These arrangements are subject to the restrictions of the *Corporations Act 2001 (Cth)*.

Disclosure of related party transactions is set out in the notes in the financial report.

Under the Constitution of the Company, and the *Corporations Act 2001 (Cth)*, where the possibility of a conflict of interest exists and involves a director, directly or indirectly, the director must declare the fact, nature, character and extent of the conflict at the first meeting of Directors held after the relevant facts come to the director's knowledge.

The director concerned does not receive copies of the relevant Board papers, if any, and withdraws from the Board meeting while such matters are considered by the remainder of the Board. Accordingly, the interested director takes no part in discussions nor exercises any influence over other members of the Board if a potential conflict of interest exists.

In addition, Plaspak has developed a series of policies designed to promote ethical and responsible decision making by directors, executives, employees and contractors of the Company, including:

- Trading Policy;
- Market Disclosure Policy;
- Privacy Policy;
- Occupational Health & Safety Policy;
- Code of Conduct and Ethics;
- Code of Conduct for Directors & Officers.

Employees are actively encouraged to report activities or behaviour to senior management, the Company Secretary or the Board, which are a breach of the Code of Conduct and Ethics, other Plaspak policies or regulatory requirements or laws.

ASX Recommendation 3.2:

Disclose the policy concerning trading in company securities by directors, officers and employees.

Plaspak: Directors, officers and employees are subject to the *Corporations Act 2001 (Cth)* relative to restrictions applying for, acquiring and disposing of securities in, or other relevant products of, the Company (or procuring another person to do so), if they are in possession of inside information.

Inside information is that information which is not generally available, and which if generally available, a reasonable person would expect it to have a material effect on the price or value of the securities in the Company.

Under the *Plaspak Trading Policy*, directors, officers and employees of the Company are restricted from trading in the Company's securities during the period which is one (1) month preceding the making of an announcement to the market by the Company relating to:

- the Company's Annual results;
- the Company's Half Year results;
- the Chairman's Address;
- any other matter for which disclosure is required to be made by Plaspak under the Listing Rules or *Corporations Act*.

In addition, all of the existing directors have entered into an agreement with the Company which requires on-going disclosure to the Company of any change in the director's interests in securities, and in contracts relevant to securities, within three (3) business days of the change occurring.

New directors are required to enter into this form of agreement making initial disclosure of the interests. A director who ceases to hold office must provide a final form of disclosure of their interests at the date of ceasing to be a director.

The Company notifies the ASX of the changes on behalf of the director as required by the Listing Rules.

ASX Recommendation 3.3:

Provide the information indicated in Guide to Reporting on Principle 3.

Copies of the Plaspak *Code of Conduct for Directors and Executives* and *Trading Policy* are available at **www.plaspak.com.au/corporate_governance**.

ASX Principle 4: Safeguard integrity of financial reporting.

ASX Recommendation 4.1:

Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

Plaspak: The Plaspak Board receive regular reports about the financial condition and operational results of Plaspak and its controlled entities.

Commencing from the full year financial statements ended 30 June 2004, the Managing Director and Group Financial Controller of Plaspak will report in writing to the Board that the consolidated financial statements of Plaspak Group Limited and its controlled entities for each subsequent half year and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards.

ASX Recommendation 4.2:

The Board should establish an audit committee.

Plaspak: The Plaspak Board established an Audit Committee in 1994 which continues to provide assistance to the Board in accordance with its established Terms of Reference.

ASX Recommendation 4.3:

Structure the audit committee so that it consists of:

- ***only non-executive directors;***
- ***a majority of independent directors;***
- ***an independent chairperson, who is not chairperson of the board;***
- ***at least three (3) members.***

Plaspak: Plaspak does not comply with the element relating to the desired number of members of the audit committee.

The Plaspak Audit Committee comprises only two (2) non-executive, independent directors and is chaired by Mr R Beath who is not chairman of the Board.

The Board considers that the skills, qualifications and experience represented by the involvement of members Mr C Ryan and Mr R Beath are most suited to the effective discharge of the responsibilities of the committee.

Plaspak does not consider that any further value will be added by the inclusion of another member for the sake of satisfying this requirement, particularly given the small size and diversity of the Plaspak Board.

On 3 May 2004, the Listing Rule which prescribed the composition of the audit committee for ASX 500 companies, including Plaspak, was amended so as to limit its application to the top 300 listed companies.

In keeping with this amendment, and the current draft of CLERP 9, Plaspak has elected to maintain the existing composition of its audit committee

ASX Recommendation 4.4:

The audit committee should have a formal charter.

Plaspak: The principal functions of the Plaspak Audit Committee are to:

- review of the annual and half yearly financial reporting carried out by Plaspak;
- review of the accounting policies of Plaspak;
- review the scope and audit programmes of the internal and external auditors and any material issues arising from these audits;
- oversee the independence of external auditors and determining procedures for the rotation of audit partners;
- oversee the effectiveness of Plaspak's systems of accounting and internal controls.

Reflecting the relative small size of the company, the full Board remain responsible for:

- the sufficiency of, and compliance with, ethical guidelines and company policies affecting corporate governance, financial reporting and corporate control together with compliance with laws and external regulations;
- identification of the full range of actual or potential risk exposures which are material to Plaspak; and,
- the effectiveness of the group's risk management systems and strategies.

ASX Recommendation 4.5:

Provide the information indicated in Guide to Reporting on Principle 4.

Details of the members of the Audit Committee

The Board's Audit Committee consists of:

- Mr R Beath (Chairman)
- Mr C Ryan

The lead signing and review external audit partner attends committee meetings by standing invitation.

The qualifications of each member of the committee are set out in the Annual Report.

Number of Meetings and Names of Attendees

The number of meetings held during the reporting period and the attendees at these meetings is detailed within the Director's Report.

Audit Committee Charter

The Plaspak Audit Committee Charter is available at **www.plaspak.com.au/corporate governance**.

Engagement & Rotation of External Auditor

The Audit Committee is responsible for nominating the external auditor to the Board for re-appointment. If the Audit Committee recommends a change in external auditor to the Board, the Board's nomination of external auditor requires the approval of shareholders. The Audit Committee recommends to the Board the compensation of the external auditor.

The Audit Committee meets with the external auditor throughout the year to review the adequacy of the existing external audit arrangements with particular emphasis on the scope, quality and independence of the audit.

It has been determined by the Audit Committee that the external auditor will not provide services to the company where the auditor would:

- have a mutual or conflicting interest with the company;
- be in a position where they audit their own work;
- function as management of the Company; or;
- have their independence impaired or perceived to be impaired in any way.

Specifically, the external auditor will not normally provide the following types of services to the Company:

- bookkeeping or other services relating to the accounting records or financial statements of the Group;
- financial information or information technology systems design and implementation;
- appraisal and valuation services, fairness opinions or contributions-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions, including temporary staff assignments or human resource services, including recruitment of senior management;
- broker or dealer services, investment advisor, corporate finance or investment banking services; and
- legal and litigation support services.

Procedures are in place governing approval of any non-audit work before the commencement of any engagement.

BDO (formerly BDO Nelson Parkhill) have been the appointed independent external auditors of Plaspak Group Limited since listing in 1994 and continue to act in this role for the consolidated entity.

The Board has adopted a policy that the lead signing and review audit partner's responsibilities can be performed by the same person for no longer than five (5) years.

The present lead partner for Plaspak's audit is Mr Kevin Reid.

The Board also requires a minimum five (5) year 'cooling off' period before an audit partner is allowed back onto the external audit team.

ASX Principle 5: Make timely and balanced disclosure.

ASX Recommendation 5.1:

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

Plaspak: The Plaspak Board is committed to keeping its shareholders, and the market, fully informed of major developments having an impact on the Company.

Comprehensive procedures are in place to identify matters that are likely to have a material affect on the price, or value, of the Plaspak securities and to ensure those matters are notified to the ASX in accordance with the Listing Rule disclosure requirements.

Senior management and the Board are responsible for scrutinising events and information to determine whether the disclosure of the information is required in order to maintain the market integrity of the Company's shares listed on the ASX.

The Company Secretary is responsible for all communications with the ASX.

ASX Recommendation 5.2:

Provide the information indicated in Guide to Reporting on Principle 5.

Compliance with Listing Rule Disclosure Requirements.

The procedures relating to the notification of price sensitive information to the ASX and the subsequent posting of announcements on the Plaspak website are detailed within the *Plaspak Market Disclosure Policy* available at **www.plaspak.com.au/corporate_governance**.

ASX Principle 6: Respect the rights of shareholders.

ASX Recommendation 6.1:

Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Plaspak: Plaspak recognises the right of shareholders to be informed of matters, in addition to those prescribed by law, which affect their investments in the Company.

The *Plaspak Shareholder Communication Policy*, available within the corporate governance section at **www.plaspak.com.au**, demonstrates Plaspak's commitment to:

- dealing fairly, transparently and openly with both current and prospective shareholders;
- the use of available channels and cost effective technologies to reach shareholders who may be geographically dispersed and in order to communicate promptly with all shareholders; and,
- facilitating participation in shareholders meetings and dealing promptly with shareholder enquiries.

Plaspak communicates information to shareholders through:

- the annual report;
- disclosures to the ASX and ASIC;
- notices and explanatory memoranda of annual general meetings and general meetings;
- occasional letters from the Managing Director and Chairman to inform shareholders of key matters of interest; and,
- the Company's website on the internet at: **www.plaspak.com.au**.

The Board encourages active participation by shareholders at the Annual General Meetings, or other General Meetings, to ensure a high level of accountability and understanding of Plaspak's strategy, performance and goals.

Consistent with best practice, important issues are presented to shareholders as single resolutions expressed in plain, unambiguous language. Proceedings are held in a locality, and at a readily accessible venue, conducive to maximising the number of shareholders present, and able to participate, at the meeting. Shareholders are provided with opportunities of asking the Board questions regarding the management of the Company.

ASX Recommendation 6.2:

Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Plaspak: Plaspak ensures that the lead external audit partner, or representative, attends the Annual General Meeting, or other general meetings, of the Company and that shareholders are afforded the opportunity of asking the auditor questions regarding the conduct of the audit, the content of the audit report or any issues arising from the audit or preparation of the report.

ASX Principle 7: Recognise and manage risk.

ASX Recommendation 7.1:

The board or appropriate board committee should establish policies on risk oversight and management.

Plaspak: The Board of Plaspak Group Limited ('Plaspak') recognise that effective management of risk is an integral part of good management and vital to the continued growth and success of the Plaspak Group of Companies.

The Plaspak Board is responsible for the oversight of the group's risk management and control framework.

The Board has implemented a policy framework designed to ensure that the group's risks are identified, analysed, evaluated, monitored, and communicated within the organisation on an on-going basis, and that adequate controls are in place and functioning effectively.

This risk management and control policy framework incorporates the maintenance of appropriate policies, procedures and guidelines which address Plaspak's unique operating environment and is utilised by the Board as a means of identifying opportunities and avoiding or mitigating losses in the context of Plaspak's businesses.

The Board oversees management's risk management and control processes including the development of risk profiles as a part of the overall business and strategic planning process.

The Managing Director has ultimate responsibility for control and management of operational risk and the implementation of avoidance or mitigation measures within the group and may delegate control of these risks to the appropriate level of management at each site.

The Board regularly monitors the operational and financial performance of the Company and the economic entity against budget and other key performance measures. The Board also receives and reviews advice on areas of operational and financial risk and develops strategies, in conjunction with management, to mitigate those risks.

Each month, a report is presented to the Board by the Managing Director. The report encompasses matters including actual sales, costs and profitability against budgeted forecasts, work place safety, compliance with tax and superannuation legislation and environmental conformance. Reports are prepared and submitted on a monthly basis by the Group Financial Controller in relation to the overall financial position of the Group.

The Board is regularly briefed by the Managing Director and senior management on market and operational factors which may impact on the performance of the Group.

ASX Recommendation 7.2:

The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;

7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Plaspak: Commencing from the full year financial statements ended 30 June 2004, the Managing Director and Group Financial Controller of Plaspak will report in writing to the Board that:

- the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

ASX Recommendation 7.3:

Provide the information indicated in Guide to Reporting on Principle 7.

Plaspak: Plaspak has made a description of its risk management policy and internal compliance and control system publicly available and posted it to its website in the designated corporate governance area at **www.plaspak.com.au**.

ASX Principle 8: Encourage Enhanced Performance.

ASX Recommendation 8.1

Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

Plaspak: The Board has adopted an on-going, self-evaluation process to measure its own performance and the performance of its committee during the reporting period.

The Chairman meets periodically with individual directors to discuss the performance of the Board and the director. In addition, an evaluation is undertaken by the Chairman of the contribution of directors retiring by rotation prior to the Board endorsing their candidature.

The review process involves consideration of the all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges, and value adding contribution to the overall management of the business.

The outcomes of the self-assessment program are used to enhance the effectiveness of individual directors and the Board collectively.

The performance of key executives is monitored by means of scrutiny by the Board of regular monthly reports provided by management regarding the group financial performance and forecasted results, presentations and operational reports, and the achievement of predetermined performance objectives.

Enhanced effectiveness of the Board and management is also addressed through:

Board Meetings

The frequency of Board meetings and director's attendance at those meetings is detailed within the report of the directors. Directors are expected to prepare for meetings in a manner which will enable them to attend and participate at the meeting.

Directors are also required to make on-site visits and attend workshops as required.

Board Papers & Agendas

Board agendas are structured throughout the year in order to ensure that each of the significant responsibilities of the Board is addressed.

Directors receive board packs prior to each meeting which detail financial, operational and strategy reports from senior management who are available to discuss reports with the Board.

Access to information

All directors have access to company records and information, and receive regular detailed financial and operational reports from senior management.

The Company Secretary is available to all Directors and may be consulted on on-going issues of corporate governance, the Plaspak Constitution and the law. In addition, the Chairman and other independent non-executive directors regularly consult with the Managing Director and Financial Controller and may confer, and request additional information from, any Plaspak employee. Management are available to discuss reports, and any issue arising, with the Board as required.

The Board collectively, each Board Committee and each individual Director has the right, following appropriate consultation, to seek independent professional advice at Plaspak's expense to help them carry out their responsibilities.

A copy of the process for performance evaluation of the board, its committees and individual directors, and key executives is available in the designated area for corporate governance on the Company website at **www.plaspak.com.au.**

ASX Principle 9: Remunerate fairly and responsibly.

ASX Recommendation 9.1:

Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

Plaspak: The broad remuneration policy objective of Plaspak is to ensure that the emoluments provided properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest quality and standard to enable the organisation to succeed.

Plaspak is committed to making timely disclosure of all relevant information relating to its remuneration practices and policies in the context of its reporting obligations in the corporate governance statement, in its annual report, and pursuant to continuous disclosure requirements.

The Company's policies relating to the remuneration of Directors, Officers and Senior Executives and the level of their remuneration are set out in the Director's Report on page 31 of the Annual Report and Note 5 on pages 50-54 of the Financial Report.

ASX Recommendation 9.2:

The board should establish a remuneration committee.

Plaspak: Plaspak has elected not to adopt this recommendation because it considers that its existing remuneration practices , detailed within this Statement, are an efficient means of meeting the needs of the company, particularly having regard to the fact that Plaspak is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, board and management structure and composition.

The Plaspak Board consists of only 5 members. It is considered that further division of the Board for the purposes of establishing a formal remuneration committee structure would not achieve enhanced efficiency or enable the Board to add greater value to this process.

The small size of the Plaspak Board, the nature of its business and its management structure, means that Plaspak has the present capacity to give due consideration to the overall remuneration policies and strategies of the company during the conduct of its regular board meetings and by appropriate recourse to relevant market data and, where applicable, to external executive remuneration consultants.

ASX Recommendation 9.3:

Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

Plaspak: The aggregate remuneration of non executive directors is approved by shareholders.

Individual directors' remuneration is determined by the board within the approved aggregate total (currently up to a maximum of $275,000 per year as determined at the 2003 Annual General Meeting).

In determining the appropriate level of directors fees, data from surveys undertaken of other public companies similar in size or market section to Plaspak is taken into account.

Non-executive directors are not entitled to participate in performance based remuneration practices unless approved by shareholders.

Non-executive directors of Plaspak are remunerated by means of the payment of cash benefits. Plaspak does not currently have in place a retirement benefit scheme or allowance for its non-executive directors.

Executive directors do not receive directors' fees.

A review of the compensation arrangements for the Managing Director and Senior Executives is conducted by the full Board at a duly constituted Directors' Meeting. The review is performed annually and is based on criteria which includes the individual's performance, market rates paid for similar positions and the results of the Company during the relevant period.

ASX Recommendation 9.4:

Ensure the payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

Plaspak: The Plaspak Executive Incentive Scheme (PEIS) has been approved by shareholders and provides the Board with the discretion to grant options and provide loans to Eligible Executives for the purpose of acquiring Scheme Shares.

The Board ensures that the payment of equity-based executive remuneration is made in accordance with thresholds established by the PEIS and exercises its discretion under the Scheme in a manner consistent with the broad remuneration policy objectives of the Company.

ASX Recommendation 9.5:

Provide the information indicated in Guide to Reporting on Principle 9.

Plaspak: A copy of the Plaspak Remuneration Policy, and a summary of the PEIS, has been made publicly available in the designated corporate governance area of its website at **www.plaspak.com.au**.

ASX Principle 10: Recognise the legitimate interests of stakeholders.

ASX Recommendation 10.1:

Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

Plaspak is committed to the operation of its business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of the company and the industry in which it operates.

The Board has approved a *Code of Conduct and Ethics* ('Code') which applies to all directors, executives, management and employees without exception.

In addition, the conduct of directors and executives is also governed by *Code of Conduct for Directors and Officers* formulated in response to *ASX Recommendation 3.1*.

Copies of the Code and Code of Conduct for Directors and Officers are available within the designated corporate governance area of the company website at **www.plaspak.com.au**.

ASX Corporate Governance Council Best Practice Recommendations

ASX Principle		Reference[1]	Compliance
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	21	Comply
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	21-22	Comply
2.2	The chairperson should be an independent director.	22	Comply
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	22	Comply
2.4	The board should establish a nomination committee.	22	Do not comply
2.5	Provide the information indicated in *Guide to Reporting on Principle 2.*	22-23	Comply
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the company's integrity; 3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	23-24	Comply
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	24	Comply
3.3	Provide the information indicated in *Guide to Reporting on Principle 3.*	24	Comply
Principle 4:	**Safeguard integrity of financial reporting**		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	24	Comply
4.2	The board should establish an audit committee.	24	Comply
4.3	Structure the audit committee so that it consists of: • only non-executive directors • a majority of independent directors • an independent chairperson, who is not chairperson of the board • at least three members.	24-25	Do not comply
4.4	The audit committee should have a formal charter.	25	Comply
4.5	Provide the information indicated in *Guide to Reporting on Principle 4.*	25-26	Comply

ASX Principle		Reference[1]	Compliance
Principle 5:	**Make timely and balance disclosure**		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	26	Comply
5.2	Provide the information indicated in *Guide to Reporting on Principle 5.*	26	Comply
Principle 6:	**Respect the rights of shareholders**		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	26-27	Comply
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	27	Comply
Principle 7:	**Recognise and manage risk**		
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	27-28	Comply
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: 7.2.3 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; 7.2.4 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	28	Comply
7.3	Provide the information indicated in *Guide to Reporting on Principle 7.*	28	Comply
Principle 8:	**Encourage enhanced performance**		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	28-29	Comply
Principle 9:	**Remunerate fairly and responsibly**		
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	29	Comply
9.2	The board should establish a remuneration committee.	29	Do not comply
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	29-30	Comply
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	30	Comply
9.5	Provide the information indicated in *Guide to Reporting on Principle 9.*	30	Comply
Principle 10:	**Recognise the legitimate interests of stakeholders**		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	30	Comply

1 Reference refers to the relevant page(s) of this Corporate Governance Statement.

Financial Statements

contents

director's report

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities ACN 003 964 181

Your directors submit the financial accounts of the parent entity and its controlled entities for the financial year ended 30 June, 2004.

Directors

The names of directors in office at any time during or since the financial year are:

Colin Francis Ryan – Chairman
David Alfred Hoff – Managing Director
Glenn Robert Molloy
Raymond Michael Beath
Jury Ivan Wowk

Details of the directors' qualifications, experience, responsibilities and interests in shares and options of the company are included in the Board of Directors section of the Annual Report.

Principal activities

The principal activities of the consolidated entity during the financial year were:

- the manufacture and marketing of plastic products including bottles, jars, containers and closures; and
- the import and wholesale of trigger sprays products.

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

Operating results

The consolidated profit of the consolidated entity after providing for income tax and eliminating outside equity interests amounted to $6,909,000.

Dividends paid or recommended

Dividends paid or recommended for payment are as follows:

Dividend of $0.035 per share paid in November, 2003 as recommended in last year's report.	$2,327,000
Interim dividend of $0.0275 per share paid in April, 2004.	$1,851,000
Final ordinary dividend of $0.0375 per share as resolved by the Directors to be paid on 12 November 2004.	$2,533,000

Review of operations

Information on the entity's operations, financial position, business strategies and prospects for the future is contained within the Chairman and Managing Director's Overview and the Review of Operations included in the annual report accompanying these accounts.

Significant changes in the state of affairs

The Plaspak Food Packaging Pty Ltd business and assets in Adelaide were sold in a series of three separate transactions initiated in June 2003 and completed in August 2003. Whilst the majority of costs were accounted for in the 2003 year the cash surplus of $5 million from the sale of business assets was generated in the current year and used to reduce debt.

The Mordialloc property, surplus to requirements after closure of the Plaspak Food Packaging (Vic) Pty Limited manufacturing plant, was sold in June 2004 with sale proceeds of $3.1 million also used to retire debt. Profit on sale was $608,000.

On 19 January 2004 Plaspak completed the purchase of the former ACI Plastics packaging factory at Waratah Street, Kirrawee. The cost of the purchase and the subsequent refurbishment was approximately $7 million. The acquisition of this purpose built factory will enable further growth of the Plaspak Closures business and its expansion into new markets. The original Plaspak Closures factory at Yalgar Road Kirrawee has been leased and is listed for sale.

After balance date events

In July 2004 the relocation of the Plaspak Closures plant to the newly acquired Waratah Street site was completed. In August 2004 the injection moulding operations of Plaspak JWS at Seven Hills were also relocated to this site. Redundancies at the Seven Hills plant associated with this relocation were reflected in the June 2004 accounts. This consolidation of Plaspak's injection moulding plants will lead to greater manufacturing and distribution efficiencies.

No other matters or circumstances have arisen since the end of the period which significantly affected the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent periods.

Likely developments and results

At the date of this report there are no likely developments which would significantly impact on the operations of the consolidated entity in the financial year subsequent to 30 June, 2004.

Environmental issues

Plaspak maintains a waste minimisation program to ensure the amount of plastic entering the waste stream is minimised. Minimisation of product weight and recycling of scrap is optimised wherever possible.

Plaspak remains dedicated to minimising the effect of its operation on the environment. In December 1999 Plaspak Group became a signatory to 'The National Packaging Covenant' – a co-operative self-regulatory approach between industry and all sections of government to the lifecycle management of packaging and paper including its recovery, utilisation and ultimate disposal.

During the reporting period, the fourth 'Plaspak Group Limited Action Plan' was developed and submitted for approval of registration by the National Packaging Covenant Secretariat. The initial twelve (12) month Plaspak Action Plan was registered in December 2002 and is due for renewal later this year. A committee has been established to monitor the performance of the company against measured environmental outcomes detailed within the plan and to ensure the longevity of the Plaspak Action Plan through a process of continual improvement.

Plaspak has otherwise complied with all government legislation and regulations with respect to disposal of waste plastic and other materials and has not received any notices of breach of environmental regulations.

Proceedings on behalf of company

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Remuneration of directors, secretary, group executives & senior managers

The Board policy for determining the nature and amount of remuneration of directors, the secretary, group executives and senior managers of the company is detailed within Note 5 to the Accounts on pages 50-54 and within the Statement of Corporate Governance Practices on pages 20-30 of the annual report which accompanies these accounts.

The remuneration of each director of the consolidated entity and each of the five named group executives of the consolidated entity receiving the highest remuneration are as follows:

Directors of Parent Entity	G. R. Molloy	C. F. Ryan	J. I. Wowk	R. M. Beath	D. A. Hoff
Directors Fees	—	61,000	34,500	34,500	—
Management services	86,500	—	—	—	—
Salary	—	—	—	—	184,897
Superannuation	—	—	—	—	47,586
Allowances	1,600	—	—	—	—
Options	—	—	—	—	6,209
Non-cash benefits					39,977
Total	**88,100**	**61,000**	**34,500**	**34,500**	**278,669**

Executives of consolidated entity	F.J. Hardiman	P. L. Crocker	P. B. Blackett	R. J.Nicholls
Base pay	120,887	171,826	36,583	108,500
Bonus	7,598	2,550	—	9,540
Superannuation	10,880	17,175	—	9,765
Management services	—	—	98,633	—
Non-cash benefits	14,214	31,620	19,395	13,632
Total	**153,579**	**223,171**	**154,611**	**141,437**

Disclosure has been made of the four (4) named "group executives" (as that term is defined by the Corporations Act) receiving the highest remuneration.

It is considered that there is no other person who may properly be described as a "group executive" of the company and regarding whom disclosure of the prescribed remuneration details ought to be made in accordance with the Corporations Act.

Options

There were no options granted over unissued shares during or since the financial year by the company or controlled entity to any director or group executive as part of their remuneration. Refer to Note 37(b)(vi) for further information.

There were 1,875,000 options outstanding as at the date of this report.

These consisted of:

- 575,000 executive share options with exercise prices ranging from 73 cents to $1.21;
- 900,000 non-executive director options granted during the previous year at an exercise price of $1.65; Mr J. I. Wowk, Mr C. F. Ryan and Mr R. M. Beath were each issued with 300,000 of these options.
- 200,000 executive director options granted to the Managing Director, David Hoff, in prior years with exercise prices ranging from 90 cents to $1.86.
- 200,000 executive director options granted to the Managing Director, David Hoff, in May 2003 with an exercise price of $1.40.

445,000 executive options were exercised during the year at an average exercise price of $0.67.

director's report

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

At the date of this report, the unissued ordinary shares of Plaspak Group Limited under option are as follows:

Grant date	Expiry date	Exercise price	Number of options
11-Oct-00	11-Oct-05	$0.73	75,000
10-May-01	10-May-06	$0.73	75,000
31-May-01	31-May-05	$0.90	100,000
1-Jul-01	1-Jul-06	$0.83	25,000
30-Jul-01	30-Jul-06	$0.83	125,000
31-May-02	12-Aug-06	$1.86	100,000
12-Aug-02	12-Aug-07	$1.65	900,000
22-Mar-03	22-Mar-07	$1.21	125,000
31-May-03	31-May-07	$1.40	200,000
17-Nov-03	17-Nov-08	$1.12	75,000
24-May-04	24-May-09	$1.13	75,000
			1,875,000

Directors interests

Particulars of Directors' interests in shares as at the date of this report are as follows:

	Ordinary shares	Options
Colin Francis Ryan	350,000	300,000
David Alfred Hoff	856,960	400,000
Glenn Robert Molloy	7,162,975	–
Jury Ivan Wowk	67,302	300,000
Raymond Michael Beath	42,821	300,000

Meetings of directors

During the financial year, meetings of directors (including committee meetings) were held.

Attendances were:	Directors' meetings		Committee meetings	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**
Colin Francis Ryan	13	13	3	3
Glenn Robert Molloy	13	13		
Jury Ivan Wowk	13	12		
Raymond Michael Beath	13	12	3	3
David Alfred Hoff	13	13		

Audit committee

The consolidated entity has an audit committee, comprised of two non-executive directors Mr R. M. Beath and Mr C. F. Ryan. External auditors are invited to attend from time to time.

director's report

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

Rounding of accounts

The parent entity has applied the relief available to it in ASIC Class Order 98/100 and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Directors' and auditors' indemnification

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure all Directors of the parent entity and officers of the consolidated entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $19,005.

Directors' benefits

Since 30 June 2003, no director has received or become entitled to receive a benefit because of a contract made by the consolidated entity, or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest except for:

(a) Mr Glenn Molloy who has an interest in Quality Dispensers Pty. Ltd, which if and when required, buys from and sells products to the consolidated entity in the ordinary course of business.

Mr Glenn Molloy has an interest in Corso Management Pty Ltd and Corso Management Services Pty Limited, which provide management services to the consolidated entity.

Mr Glenn Molloy has an interest in Spa Finders Pty Ltd, which provides rental accommodation to the consolidated entity.

Mr Glenn Molloy has an interest in and is a director of HomeLeisure Limited which purchases products from the consolidated entity in the ordinary course of business.

(b) Mr Raymond Beath who is a partner in Holden and Bolster which provides accounting services to the consolidated entity in the ordinary course of business.

(c) Mr Jury Wowk who is a partner in Doherty Partners which provides legal services to the consolidated entity in the ordinary course of business.

Mr Jury Wowk who is a director of HomeLeisure Limited which purchases products from the consolidated entity in the ordinary course of business.

This statement excludes a benefit included in the aggregate amount of remuneration received or due and receivable by directors and shown in the company's accounts, or the fixed salary of a full-time employee of the parent entity, controlled entity, or related body corporate.

Signed in accordance with a resolution of the Board of Directors.

Colin Francis Ryan
Director
Sydney, 28 September 2004

statements of financial performance

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

	Note	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
Sales Revenue	2(a)	**73,817**	84,120	**–**	–
Cost of sales		**(54,550)**	(66,324)	**–**	–
Gross profit		**19,267**	17,796	**–**	–
Dividends received from related corporations		**–**	–	**8,000**	3,951
Distribution received from controlled trust		**–**	–	**647**	491
Interest Received		**100**	65	**89**	53
Profit/(Loss) on sale of assets		**692**	(260)	**–**	–
Foreign exchange gains		**9**	37	**–**	–
Other revenues from ordinary activities		**476**	414	**–**	–
Intercompany income		**–**	–	**–**	600
Warehouse & Distribution expenses		**(4,316)**	(4,552)	**–**	–
Selling Expenses		**(1,710)**	(1,584)	**–**	–
Administrative expenses		**(5,803)**	(6,629)	**(127)**	(412)
Borrowing costs		**(2,063)**	(2,239)	**(662)**	(896)
Profit from ordinary activities before income tax expense	2	**6,652**	3,048	**7,947**	3,787
Income tax credit/(expense) attributable to profit	3	**257**	(967)	**(1,306)**	49
Profit after income tax		**6,909**	2,081	**6,641**	3,836
Outside equity interests in profit after income tax	26	**–**	–	**–**	–
Net profit after income tax attributable to members of the parent entity	25	**6,909**	2,081	**6,641**	3,836
Net exchange differences on translation of financial report of foreign controlled entity	24	**7**	1	**–**	–
Decrease in retained profits on adoption of changes to Accounting Standard AASB 1028 Employee Benefits	25	**–**	(333)	**–**	–
Total revenues, expenses and valuation adjustments attributable to members of parent entity recognised directly in equity		**7**	(332)	**–**	–
Total changes in equity other than those resulting from transactions with owners as owners		**6,916**	1,749	**6,641**	3,836
Basic earnings per share (cents per share)	7	**10.3**	3.2		
Diluted earnings per share (cents per share)	7	**10.3**	3.1		

The accompanying notes form part of these financial statements

statements of financial position

as at 30 June 2004 Plaspak Group Limited and Controlled Entities

	Note	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
Current assets					
Cash	8	**123**	35	**534**	181
Receivables		**14,440**	14,625	**165**	115
Inventories	10	**11,094**	12,524	**–**	–
Property, Plant & Equipment held for resale	13	**2,226**	6,625	**–**	–
Other	11	**753**	839	**49**	76
Total current assets		**28,636**	34,648	**748**	372
Non-current assets					
Investments	12	**4,932**	4,932	**33,006**	33,190
Property, plant and equipment	13	**52,389**	48,740	**–**	–
Deferred tax assets	14	**979**	1,408	**979**	119
Intangibles	15	**2,412**	2,496	**63**	39
Other	16	**1,341**	876	**53,539**	50,980
Total non-current assets		**62,053**	58,452	**87,587**	84,328
Total assets		**90,689**	93,100	**88,335**	84,700
Current liabilities					
Payables	17	**10,621**	10,603	**18**	14
Interest Bearing Liabilities	18	**6,287**	7,734	**536**	2,078
Current tax liabilities		**–**	–	**–**	10
Provisions	19	**1,233**	1,964	**–**	–
Other	20	**30**	6	**–**	–
Total current liabilities		**18,171**	20,307	**554**	2,102
Non-current liabilities					
Interest Bearing Liabilities	21	**23,361**	25,038	**46,053**	44,958
Deferred tax liabilities		**747**	2,736	**747**	–
Provisions	19	**1,319**	1,790	**–**	–
Other	22	**246**	–	**–**	–
Total non-current liabilities		**25,673**	29,564	**46,800**	44,958
Total liabilities		**43,844**	49,871	**47,354**	47,060
Net assets		**46,845**	43,229	**40,981**	37,640
Shareholders' equity					
Contributed equity	23	**38,475**	37,581	**38,475**	37,581
Reserves	24	**47**	40	**–**	–
Retained profits	25	**8,172**	5,457	**2,506**	59
Total parent entity interest		**46,694**	43,078	**40,981**	37,640
Outside equity interest in controlled entities	26	**151**	151	**–**	–
Total shareholders' equity		**46,845**	43,229	**40,981**	37,640

The accompanying notes form part of these financial statements

statements of cash flows

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

		Consolidated entity		Parent entity	
		2004	2003	**2004**	2003
	Note	**$000s**	$000s	**$000s**	$000s
Cash flows from operating activities					
Cash receipts from customers		**82,643**	94,125	**–**	–
Cash payments to suppliers and employees		**(66,708)**	(79,679)	**(90)**	(304)
Other revenue		**457**	380	**–**	600
Dividends received		**–**	–	**8,647**	4,442
Interest received		**100**	65	**89**	53
Income tax paid		**(1,303)**	(2,000)	**(1,429)**	–
Other taxes paid		**(1,582)**	(1,735)	**–**	–
Net cash provided by operating activities	34 (a)	**13,607**	11,156	**7,217**	4,791
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**7,077**	290	**–**	–
Purchase of property, plant and equipment		**(7,436)**	(1,931)	**–**	–
Payment for purchase of equity investments, net of cash acquired		**–**	–	**21**	–
Payment for intangibles		**(160)**	(41)	**(97)**	–
Net cash (used in) investing activities		**(519)**	(1,682)	**(76)**	–
Cash flows from financing activities					
Proceeds from shares issued		**233**	84	**233**	84
Loans to related companies		**–**	–	**(1,477)**	(5,261)
Borrowings from related companies		**–**	–	**6,161**	4,133
Proceeds from borrowings		**7,000**	2,700	**–**	2,700
Costs of borrowings		**(5)**	–	**17**	–
Repayment of borrowings		**(14,619)**	(7,357)	**(7,446)**	(2,607)
Dividends paid		**(3,614)**	(3,187)	**(3,614)**	(3,187)
Interest paid		**(2,063)**	(2,239)	**(662)**	(896)
Net cash (used in) financing activities		**(13,068)**	(9,999)	**(6,788)**	(5,034)
Net increase/(decrease) in cash held		**20**	(525)	**353**	(243)
Cash at the beginning of the financial year		**(805)**	(280)	**181**	424
Cash at the end of the financial year	34 (b)	**(785)**	(805)	**534**	181

The accompanying notes form part of these financial statements

notes to and forming part of the accounts

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

NOTE 1 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of these accounts are:

(a) Basis of preparation

These are general purpose accounts, which have been drawn up in accordance with applicable Accounting Standards, the Corporations Act 2001 and other professional reporting requirements.

The financial statements cover the consolidated entity of Plaspak Group Limited and its controlled entities and Plaspak Group Limited as an individual parent entity. Plaspak Group Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The accounting policies have been consistently applied to the entities of the consolidated entity and, except where there is a note of a change in accounting policy, are consistent with those of the previous year.

(b) Principles of consolidation

The consolidated accounts of the consolidated entity include the accounts of the Company, being the parent entity, and its controlled entities.

A list of all controlled entities is contained in Note 12 to the accounts.

All intercompany balances and unrealised profits from transactions between controlled entities have been eliminated. Where a controlled entity has been acquired or disposed of during the year, its operating results have been included from the date of acquisition or until the date control ceased. Outside interests in the equity and results of entities controlled by the Company are shown as a separate item in the consolidated accounts.

(c) Goodwill on consolidation/discount on acquisition

Goodwill on consolidation, recorded initially at the amount by which the purchase price for a business or an ownership interest in a controlled entity exceeds the fair value of identifiable net assets acquired, is amortised on a straight line basis. The period of amortisation is the lesser of the period of time during which benefits are expected to arise and 20 years. The carrying value of goodwill is reviewed on an annual basis by Directors. Where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance.

Where the fair values of the identifiable net assets acquired by the company exceed the cost of acquisition incurred by the company, the difference represents a discount on acquisition. This discount is accounted for by reducing proportionately the fair values of the non-monetary assets acquired until the discount is eliminated. If a discount balance still remains after reducing to zero the recorded amounts of the non-monetary assets acquired, then the balance is brought to account as a gain in the statement of financial performance.

(d) Revenue and revenue recognition

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the goods are provided, or when the fee in respect of the services provided is receivable.

Interest income

Interest income is recognised as it accrues.

Asset sales

The gross proceeds of asset sales are included as revenue.

The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

(e) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of work in progress and finished goods is derived on an absorption basis which includes an appropriate proportion of manufacturing overheads.

(f) Trade debtors

Trade debtors are recognised when the risks and rewards of ownership of the underlining sales transactions have passed to customers. This event usually occurs on delivery of inventories to customers. Trade debtors are recorded at nominal amounts. Credit terms are usually 30 days. Collectability of overdue accounts is assessed on an ongoing basis. A provision is made for doubtful debts based on the likelihood of recovery of outstanding debtor balances.

(g) Income tax

The consolidated entity adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the profit from ordinary activities before income tax adjusted for any permanent differences. Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of profit from ordinary activities and taxable income are brought to account either as provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are brought to account when there is virtual certainty of realisation of the benefit. The future income tax benefit of capital losses for income tax purposes is not brought to account as the benefit will only be realised if future capital profits arise.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The consolidated entity and its wholly owned Australian controlled entities have decided to implement the tax consolidation legislation as at 1 July 2003.

As a consequence the consolidated entity, as the head entity in the tax consolidated group recognises current and deferred tax amounts relating to transactions, events and balances of the wholly owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances.

(h) Investments

Investments are carried in the financial statements at the lower of cost and recoverable amount.

(i) Property, plant and equipment

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in profit from ordinary activities before income tax of the consolidated entity in the year of disposal.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2 %
Leasehold improvements	8 %
Plant & equipment	3-33 %
Leased plant & equipment	3-33 %

(j) Leased assets

For leases, a distinction is made between finance leases which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, and operating leases under which the lessor effectively retains all such risks and benefits. Where fixed assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

Operating lease payments are charged to expense in the period in which they are incurred.

Profits arising from sale and leaseback transactions are recorded as deferred income. Deferred income is amortised to the profit and loss account in proportion to the amortisation of the leased asset.

(k) Foreign currency transactions and balances

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currency at balance date are converted at the rates of exchange ruling at year end. Where a forward currency contract has been taken out the balances are converted at the forward rate. The gains and losses from conversion of short term balances, whether realised or unrealised, are included in operating results.

(l) Trade and other creditors

These amounts represent unpaid liabilities for goods received and services provided to the company and consolidated entity prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 to 60 days, except for imported items for which 90 or 120 day payment terms are normally available.

(m) Bank loans

Bank loans are carried at their principal amount subject to set-off arrangements. Interest is accrued over the period of the loan and is included as part of the loans.

(n) Employee benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the future cash outflows to be made for those benefits. Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

The Company and the consolidated entity changed their accounting policy as at 1 July 2002 in order to comply with the requirement in AASB 1028 "Employee Benefits" to measure leave liabilities at amounts expected to be paid when the liabilities are settled (plus related on-costs). Annual leave liabilities were previously recorded based on rates payable to employees at the end of each financial reporting period.

The change in accounting policy resulted in a decrease of $333,000 in the consolidated opening retained profits at 1 July 2002 (Company: increase of $nil) and a corresponding increase in the consolidated and Company employee benefit liabilities, provisions and total liabilities.

(o) Cash

For the purposes of the statement of cashflows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

(p) Intangible assets

Intangible assets are recorded at cost and amortised on a straight line basis over the number of years of their expected benefit which ranges from 3 to 10 years.

(q) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

(r) Derivative financial instruments

The consolidated entity is exposed to changes in interest rates, foreign exchange rates and raw materials prices from its activities. The consolidated entity uses the following derivative financial instruments to hedge these risks: interest rate swaps and forward foreign exchange contracts. Derivative financial instruments are not held for speculative purposes.

Hedges

Where hedge transactions are designated as a hedge of the anticipated purchase or sale of goods, purchase of qualifying assets, or an anticipated interest transaction, gains or losses on the hedge arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the Statement of Financial Performance.

(s) Comparative figures

Where required by Accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(t) Rounding of amounts

The parent entity has applied the relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

(u) Australian Equivalents to International Financial Reporting Standards (IFRS)

For years ending on or after 30 June 2006, all general purpose financial reports prepared in accordance with the requirements of Chapter 2M of the Corporations Act will be required to comply with Australian equivalents to International Financial Reporting Standards (IFRSs) instead of Australian Accounting Standards presently on issue. Comparative financial statements must also be presented in accordance with Australian equivalents to IFRSs for the year ending 30 June 2005.

Plaspak's management are assessing the significance of these changes and preparing for their implementation. An IFRS committee has been established to oversee and manage Plaspak's transition to IFRS. This committee will report to the audit committee. The IFRS committee have adopted a timetable to ensure that the transition process meets key reporting timeframes and requirements under the relevant legislation relating to the adoption of IFRS's. The Group will keep shareholders informed as to the impact of these new standards as the impacts are quantified and finalised.

notes to and forming part of the accounts

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

The directors are of the opinion that the key differences in Plaspak's accounting policies which will arise form the adoption of IFRS are:

1. Impairment of assets

The group currently assesses the amount of impairment of assets by determining the recoverable amount on the basis of undiscounted cash flows. Under Australian equivalents to IFRSs, the group will be required to determine the recoverable amount as the higher of fair value less costs to sell and value in use (which is determined using discounted cash flows). It is likely that this change in policy and basis for calculation could lead to impairment losses being recognised. Initially, it should lead to a small improvement in earnings as a result of goodwill no longer being required to be amortised under IFRS. It is also likely that when discounting is initially applied on transition at 1 July 2004, impairment losses may need to be recognised on some assets (primarily goodwill), resulting in a negative impact on the opening balance of retained earnings at that date. However, this effect will be immaterial and primarily related to the carried value of goodwill.

2. Property, plant and equipment

The group currently measures land and buildings at cost and will continue to do so under Australian equivalents to IFRSs. However, under AASB 116 Property, Plant and Equipment, on transition, i.e. 1 July 2004, the group may elect to use the fair value as deemed cost exemption whereby the fair value of land and buildings will be determined at that date, and used as deemed cost thereafter. The group has not yet determined whether it will apply the deemed cost exemption, however, if the exemption is applied it is estimated that it will result in an increase in net assets of the group and an increase in retained earnings at 1 July 2004 under Australian equivalents to IFRSs. These increases could have a negative impact on future earnings in the form of increased depreciation charges.

3. Hedging

All derivatives contracts, predominantly hedging instruments, will be carried at fair value on the group's statement of financial position. It is expected that the group's hedging instruments will be classified as either fair value or cash flow hedges. The accounting for these hedges can only be considered where effectiveness tests are met.

Ineffectiveness outside the prescribed range precludes the use of hedge accounting and may result in some volatility in the statements of financial performance. The group expects to predominantly use cash flow hedging in respect of its interest rate risk hedges, which could create volatility in equity reserve balances.

The hedging rules will impact the way the group accounts for hedges of its funding and the treatment of hedges in its statement of financial position. This could result in new assets and liabilities being recognised, increased volatility in future earnings and will have an initial impact on operating retained earnings at 1 July 2004. However, it is likely this will have minimal effect.

4. Financial assets and liabilities

Financial assets and liabilities such as employee and related party loans, commercial bills and bank loans are currently booked at nominal amount. Under IFRS these assets and liabilities will be required to be initially recognised at fair value and subsequently at measured amortised cost using the effective interest rate method. This may result in an initial negative impact on opening balances of retained earnings at 1 July 2004, however it is likely that this will have a minimal effect.

5. Share-based payments

The group does not currently recognise an expense for options issued to staff, under the Plaspak Executive Incentive Scheme. On adoption of Australian equivalents to IFRSs, the group will recognise an expense for all share-based remuneration, including deferred shares and options, and will amortise those expenses over the relevant vesting periods. This will result in additional expenses being recorded and therefore lower earnings.

There will be an initial negative impact on opening balances of retained earnings at 1 July 2004 when retrospective adjustments are made for options that have not vested by 1 January 2005. However, as relatively few options have been granted in recent years this should have an immaterial effect.

6. Revenue on disposal of property, plant and equipment

Currently the group includes gross revenue received on disposal of property, plant and equipment as revenue. Under Australian equivalents to IFRSs, gains and losses on sale of assets will be recognised on a net basis in revenue, resulting in lower revenue being recorded by the group. However, this will have no earnings impact.

7. Non-current investments

Investments in controlled entities

Currently the parent entity measures non-current investments at cost, with an annual review by directors to ensure that their carrying amounts are not in excess of their recoverable amount. Under Australian equivalents to IFRSs, these investments will be measured by the parent entity at cost with impairment tests performed when indicators of impairment are identified in accordance with AASB 136 Impairment of Assets. Initial impairment adjustments may arise because of the requirement to discount cash flows and these would have a negative impact on opening balances of retained earnings as 1 July 2004.

Available-for-sale financial assets

Available-for-sale financial assets, such as the group's investment in an unlisted property trust, will be measured at fair value under Australian equivalents to IFRSs, with changes in fair value being recognised directly in equity until the asset is sold, at which time the cumulative gain/loss is taken to profit.

8. Taxation

A "balance sheet" approach will be adopted under Australian equivalents to IFRSs, replacing the "statement of financial performance" approach currently used by Australian companies. The "balance sheet" method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability, and its tax base. Any initial adjustments to calculate deferred tax assets and liability balances on transition using the new basis will be made through opening balances of retained earnings at 1 July 2004. Deferred tax asset and liability balances at 1 July 2004 can only be calculated once all other opening balance sheet amounts at have been finalised at that date.

9. Related party loans

At 30 June 2004, the parent entity has provided interest-free loans to 100% owned subsidiaries and this balance is measured as the capital outstanding at that date. Under Australian equivalents to IFRSs, financial assets comprising loans and receivables are measured at amortised cost using a market-related interest rate. On 1 July 2004 this will result in a reduction of financial assets and an initial negative adjustment to opening balances of retained earnings to the parent entity only. However it will have no impact on the consolidated entity.

notes to and forming part of the accounts

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 2				
(a) Revenue				
Operating activities				
Sale of goods	**73,817**	84,120	**–**	–
Other Revenue:				
Management fees from controlled entities	**–**	–	**–**	600
Dividends received and receivable	**–**	–	**8,000**	3,951
Distribution received from controlled trust	**–**	–	**647**	491
Interest received – other parties	**100**	65	**89**	53
Foreign currency translation gains	**9**	37	**–**	–
Deferred income	**19**	50	**–**	–
Property Trust income	**327**	161	**–**	–
Sundry income	**130**	203	**–**	–
	74,402	84,636	**8,736**	5,095
Non-operating activities				
Proceeds from disposal of investments	**–**	188	**–**	188
Proceeds from disposal of plant and equipment	**7,077**	290	**–**	–
	7,077	478	**–**	188
(b) Profit from ordinary activities				
Profit from ordinary activities before income tax has been determined after:				
(i) Charging as expenses:				
Amortisation				
– leased assets	**1,153**	1,128	**–**	–
– intangibles	**61**	37	**–**	–
– goodwill	**171**	189	**–**	–
	1,385	1,354	**–**	–
Depreciation				
– buildings	**276**	273	**–**	–
– plant and equipment	**4,110**	4,940	**–**	–
	4,386	5,213	**–**	–
Write downs to recoverable amount				
– writedown of leased assets to recoverable amount	**–**	370	**–**	–
– writedown of Intangibles to recoverable amount	**–**	11	**–**	–
– writedown of goodwill to recoverable amount	**–**	214	**–**	–
– writedown of plant and equipment to recoverable amount	**–**	517	**–**	–
	–	1,112	**–**	–
Interest paid				
– other	**1,542**	1,628	**662**	896
– finance lease charges	**521**	611	**–**	–

notes to and forming part of the accounts

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 2 (continued)				
Provisions				
– employee entitlements	**994**	1,490	**–**	–
– doubtful debts (trade)	**133**	(63)	**–**	–
Loss on sale of non-current assets	**–**	260	**–**	–
Rental expense on operating leases	**1,438**	1,773	**–**	–
(ii) Crediting as income:				
Profit on sale of non-current assets	**692**	–	**–**	–
(c) Individually significant items				
Unsuccessful acquisition costs	**–**	(309)	**–**	(309)
Writedown of assets & provision for redundancies on sale of Adelaide thermoforming business	**(170)**	(1,820)	**–**	–
Closure of Mordialloc manufacturing facility in Melbourne	**–**	(758)	**–**	–
Profit on sale of Mordialloc building after plant closure in previous year	**608**	–	**–**	–
Anti-dumping duty on PVC material imports	**(352)**	–	**–**	–
Relocation & restructuring costs	**(414)**	–	**–**	–
	(328)	(2,887)	**–**	(309)
NOTE 3 Income tax expense				
The prima facie tax payable on the profit from ordinary activities differs from the income tax provided in the accounts and is reconciled as follows:				
Profit before tax	**6,652**	3,048	**7,947**	3,787
Prima facie tax payable at 30%	**1,996**	914	**2,384**	1,136
Tax effect of permanent differences:				
Dividend rebate	**–**	–	**–**	(1,185)
Intergroup distributions not assessable under tax consolidation regime	**–**	–	**(2,594)**	–
Non-allowable depreciation & amortisation	**136**	183	**136**	–
Research & development concession	**(30)**	(31)	**(30)**	–
Building allowance	**(145)**	(40)	**(145)**	–
Benefit of asset cost base uplifts on entering the tax consolidation regime	**(1,799)**	–	**(1,799)**	–
Net deferred tax balances on tax consolidated group entities assumed on implementation of tax consolidation	**–**	–	**1,491**	–
Tax expense related to subsidiaries' income	**–**	–	**2,056**	–
Capital profit on sale of land & building	**(190)**	–	**(190)**	–
Sundry expenses	**(3)**	8	**(3)**	–
(Over) provision relating to prior year	**(222)**	(67)	**–**	–
Income tax (credit)/expense	**(257)**	967	**1,306**	(49)

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 4 Auditors' remuneration				
Remuneration of the auditor of the parent entity for:				
– auditing or reviewing the financial report	**135**	123	**10**	10
– other audit services	**8**	10	**–**	–
Remuneration of the auditors of subsidiaries for:				
– auditing or reviewing the financial report of subsidiaries	**24**	11	**–**	–
	167	144	**10**	10

NOTE 5 Directors' and executive's remuneration

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent entity directors	
Mr C. F. Ryan	Chairman – Non-Executive
Mr G. R. Molloy	Director – Executive
Mr R. M. Beath	Director – Non-Executive
Mr J. I. Wowk	Director – Non-Executive
Mr D. A. Hoff	Managing Director
Specified executives	
Mr F. J. Hardiman	Chief Financial Officer
Mr R. J. Nicholls	General Counsel and Company Secretary
Mr P. L. Crocker	Group General Manager
Mr P. B. Blackett	Director of Spraypac N.Z. Pty Ltd

(b) Parent entity directors' remuneration

2004	**Primary**		**Post employment**	**Equity**	**Other**	**Total**
	Salary, fees & commissions	Non-cash benefits	Superannuation contributions	**Compensation**		
	$000s	$000s	$000s	$000s	$000s	$000s
Mr C. F. Ryan	61	–	–	–	–	61
Mr G .R. Molloy	86	–	–	–	2	88
Mr R. M. Beath	35	–	–	–	–	35
Mr J. I. Wowk	35	–	–	–	–	35
Mr D. A. Hoff	185	40	47	6	–	278
	402	**40**	**47**	**6**	**2**	**497**

notes to and forming part of the accounts

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

2003	Primary		Post employment	Equity	Other	Total
	Salary, fees & commissions	Non-cash benefits	Superannuation contributions	Compensation		
	$000s	$000s	$000s	$000s	$000s	$000s
Mr C. F. Ryan	50	–	–	21	–	71
Mr G. R. Molloy	148	–	–	–	5	153
Mr R. M. Beath	30	–	–	21	–	51
Mr J. I. Wowk	30	–	–	21	–	51
Mr D. A. Hoff	184	35	47	4	–	270
	442	**35**	**47**	**67**	**5**	**596**

The service and performance criteria set to determine remuneration are included in Note 5(h).

(c) Specified executives' remuneration

2004	Primary			Post employment	Equity	Other	Total
	Salary, fees & commissions	Cash bonus	Non-cash benefits	Superannuation contributions	Compensation		
	$000s	$000s	$000s	$000s	$000s	$000s	$000s
Mr F. J. Hardiman	121	8	14	11	–	–	154
Mr R. J. Nicholls	108	9	14	10	–	–	141
Mr P. L. Crocker	172	2	32	17	–	–	223
Mr P. B. Blackett	136	–	19	–	–	–	155
	537	**19**	**79**	**38**	**–**	**–**	**673**

2003	Primary			Post employment	Equity	Other	Total
	Salary, fees & commissions	Cash bonus	Non-cash benefits	Superannuation contributions	Compensation		
	$000s	$000s	$000s	$000s	$000s	$000s	$000s
Mr F. J. Hardiman	117	2	23	10	–	–	152
Mr R. J. Nicholls	96	9	13	9	–	–	127
Mr P. L. Crocker	164	–	33	17	–	–	214
Mr P. B. Blackett	140	–	20	–	–	–	160
	517	**11**	**89**	**36**	**–**	**–**	**653**

The service and performance criteria set to determine remuneration are included in Note 5(i).

(d) Remuneration options

Terms and conditions for each grant

	Vested no.	Granted no.	Grant date	Value per option at grant date	Options granted as remuneration Exercise price	First exercise date	Last exercise date
Parent entity directors							
Mr D. A. Hoff	200,000	200,000	31-May-03*	$0.34	$1.40	31-May-03	31-May-07

The options were granted pursuant to the terms of David Hoff's Service Agreement and vested immediately. They are exercisable at any time during a period of 4 years from issue on condition that David Hoff is still an employee of the company as at the date of exercise. The exercise price has been determined in accordance with the terms of the Service Agreement which stipulates a formula based on the Tax value Calculations in Division 13A of the Income Tax Assessment Act 1936 and which formula has the effect of providing an appropriate significant performance hurdle.

* Refer to Note 37(b)(vi) for further information.

No options were granted to Specified Executives in the current or prior year.

(e) Shares issued on exercise of remuneration options

Options granted as remuneration

	No. of ordinary shares issued	Amount paid per share	Amount unpaid per share
Parent entity directors			
Mr D. A. Hoff	100,000	$0.70	$0.00
Mr D. A. Hoff	50,000	$0.78	$0.00
Specified executives			
F. J. Hardiman	25,000	$0.83	$0.00
R. J. Nicholls	50,000	$0.83	$0.00
P. L. Crocker	70,000	$0.65	$0.00
	295,000		

(f) Options and rights holdings

Number of options held by specified directors and executives

	Balance 1-Jul-03	Granted as remuneration	Options exercised	Lapsed	Balance 30-Jun-04	Total vested 30-Jun-04	Total exercisable 30-Jun-04	Total unexercisable 30-Jun-04
Parent entity directors								
Mr C. F. Ryan	300,000	–	–	–	300,000	300,000	300,000	–
Mr R. M. Beath	300,000	–	–	–	300,000	300,000	300,000	–
Mr J. I. Wowk	300,000	–	–	–	300,000	300,000	300,000	–
Mr D. A. Hoff	500,000	200,000	150,000	50,000	500,000	500,000	500,000	–
Specified executives								
Mr F. J. Hardiman	25,000	–	25,000	–	–	–	–	–
Mr R. J. Nicholls	50,000	–	50,000	–	–	–	–	–
Mr P. L. Crocker	125,000	–	30,000	–	95,000	95,000	95,000	–
Total	**1,600,000**	**200,000**	**255,000**	**50,000**	**1,495,000**	**1,495,000**	**1,495,000**	**–**

(g) Shareholdings

Number of shares held by parent entity directors and specified executives

	Balance 1-Jul-03	Received as remuneration	Options exercised	Net change other	Balance 30-Jun-04
Parent entity directors					
Mr C. F. Ryan	300,000	–	–	50,000	350,000
Mr G. R. Molloy	7,159,405	–	–	3,570	7,162,975
Mr R. M. Beath	40,124	–	–	2,697	42,821
Mr J. I. Wowk	64,638	–	–	2,664	67,302
Mr D. A. Hoff	731,960	–	150,000	(50,000)	831,960
Specified executives					
Mr F. J. Hardiman	403,172	–	25,000	–	428,172
Mr R. J. Nicholls	–	–	50,000	7,700	57,700
Mr P. L. Crocker	–	–	70,000	–	70,000
	8,699,299	**–**	**295,000**	**16,631**	**9,010,930**

(h) Loans

Loans held by parent entity directors and specified executives

	Balance 1-Jul-03	Net change other	Balance 30-Jun-04
Parent entity directors			
Mr D. A. Hoff	437,500	–	437,500
Specified executives			
Mr F. J. Hardiman	65,000	18,375	83,375
Mr R. J. Nicholls	–	16,905	16,905
Mr P. L. Crocker	–	45,500	45,500
	502,500	80,780	583,280

Loans to Specified Executives are made pursuant to the Plaspak Executive Incentive Scheme to assist in the exercise of options to acquire shares in the Parent Entity. Loans are limited to 70% of the current market value of the shares at the time of the loan. Loans are for a term of 5 years or immediately repayable on termination of employment. Interest only is payable monthly in arrears at a rate which is 3.25% above the current Reserve Bank of Australia Cash Rate. Security for the loans is by way of a holding lock over the shares acquired with the loans. The loans are limited recourse, limited to the realisable value of the shares. The lender has the right to sell or buy back the shares in the event that the value of the shares held as security falls below the purchase price of the shares or the amount lent to acquire the shares. The loans to the Managing Director, as approved by shareholders, is on identical terms.

(i) Remuneration practices

Non-executive directors

The remuneration of non-executive directors is determined by the Board from the maximum amount available for distribution to the non-executive directors as approved by the shareholders. In determining the appropriate level of directors fees, data from surveys undertaken of other public companies similar in size or market section to Plaspak is taken into account.

Non-executives do not receive performance related remuneration.

Executive directors and senior executives

Executive directors do not receive directors fees.

The Board of Directors is responsible for approving remuneration policies and packages applicable to senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality and standard to enable the organisation to succeed.

A review of the compensation arrangements for executive directors and Senior Executives is conducted by the full Board at a duly constituted Directors Meeting.

The Plaspak Board conducts its review annually and is based on established criteria which include:

- the individual's performance;
- reference to market data for broadly comparable positions or skill sets in similar organisations or industry;
- the Company's performance during the relevant period; and,
- the broad remuneration policy objective of the Company.

Senior executives and executive directors may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity.

An executive incentive scheme approved by shareholders is in place, which provides the Board with the discretion to grant options and provide loans to Eligible Executives for the purpose of acquiring Scheme Shares. A summary of the terms and conditions of the scheme may be found in the designated area for corporate governance on the Company website at **www.plaspak.com.au**.

The Board exercises its discretion under the Plaspak Executive Incentive Scheme in a manner consistent with the broad remuneration policy objectives of the Company. The grant of options to executives is linked to significant performance hurdles including the exercise price of the options being subject to material improvement in company performance (measured by its share price) during a restricted exercise period.

Directors are not entitled to participate in the Plaspak Employee Incentive Scheme. The grant of options to the Managing Director was determined by reference to the terms of his prevailing Service Agreement with the Company, the Listing Rules and the law.

Plaspak will not generally use options as a means of remuneration for non-executive directors and will continue to remunerate these directors by means of the payment of cash benefits.

The remuneration and other terms of employment for the Managing Director, David Hoff are formalised in a Service Agreement.

The major provisions of the Service Agreement include the following:

- Term of Agreement – 4 years commencing 1 July 2004.
- Base salary inclusive of superannuation for the year ended 30 June 2005 of $291,000 to be reviewed annually by the Board of Directors.
- Provision of a fully maintained motor vehicle.
- Payment of a termination benefit equal to 12 months of the current base salary and benefits in the event that either party does not renew the Service Agreement on expiry of the 4 year term.
- Payment of a termination benefit on early termination by the employer, other than in specified circumstances based on misconduct or non-performance, equal to the current base salary and benefits for 12 months or the remaining term of the agreement whichever is the greater.
- The payment of a performance related cash bonus based on the Consolidated Entity achieving specified earnings per share targets.

The remuneration and other terms of engagement of Glenn Molloy, an executive director and consultant, are formalised by recording in the Minutes of the Directors meeting approving same and:

- Provide for an agreed daily rate for attendances at monthly Board meetings ($4,000) and when undertaking consultancy services on behalf of the Consolidated Entity ($3,000).
- Do not include any performance related bonus payments, termination or other benefits.

There are no written agreements in place with any other specified executives. Any termination payment entitlements would be as determined by general employment law.

(j) Other transactions with directors

Refer to Note 33 for further details of transactions with directors and director related entities.

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 6 Dividends				
(a) Dividends paid				
Interim ordinary dividend of 2.75c per share				
– 100% franked (2003 2.5c per share – 100% franked)	**1,851**	1,652	**1,851**	1,652
Final ordinary dividend of 3.5c per share				
– 100% franked (2003 3.0c per share – 100% franked)	**2,343**	2,299	**2,343**	2,299
	4,194	3,951	**4,194**	3,951

(b) Dividends declared after balance date

Final ordinary dividend of 3.75c per share – 100% franked and amounting to $2,533,000 not included as declared after balance date.

(c) Franked dividends

The franked portions of the final dividends recommended after 30th June 2004 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30th June 2005.

Franking credits available for subsequent financial years based on a tax rate of 30% (2003 – 30%)	**4,427**	4,845	**4,427**	154

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and

(d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

Under legislation that took effect on 1st July 2002, the amount recorded in the franking account is the amount of Australian income tax paid, rather than franking credits based on after tax profits, and amounts debited to that account in respect of dividends paid after 30 June 2002 are the franking credits attaching to those dividends rather than the gross amount of the dividends.

	2004	2003
NOTE 7 Earnings per share		
Basic earnings per share (cents per share)	**10.3**	3.2
Diluted earnings per share	**10.3**	3.1
(a) Reconciliation of earnings to net profit		
Earnings used in calculating Basic EPS	**6,909**	2,081
Earnings used in calculating Diluted EPS	**6,909**	2,081

notes to and forming part of the accounts

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	No.	No.		
NOTE 7 Earnings per share (continued)				
(b) Weighted average number of ordinary shares outstanding during the year				
Used in calculation of basic EPS	**67,135,293**	65,805,444		
Potential ordinary shares assumed to have been issued for no consideration	**166,467**	407,271		
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	**67,301,760**	66,212,715		

(c) Classification of Securities

The only securities that have been classified as potential ordinary shares and included in calculation of diluted EPS are options outstanding.

(d) 1,475,000 non dilutive potential ordinary shares were on issue at 30 June 2004.

CURRENT ASSETS	**$000s**	$000s	**$000s**	$000s
NOTE 8 Cash				
Cash at bank and on hand	**123**	35	**534**	181
Cash at bank consists of temporary surplus funds which are non interest bearing				
NOTE 9 Receivables				
Trade debtors	**13,330**	14,268	**–**	–
Less: Provision for doubtful debts	**(171)**	(200)	**–**	–
	13,159	14,068	**–**	–
Other debtors	**1,281**	557	**165**	115
	14,440	14,625	**165**	115
NOTE 10 Inventories				
On hand				
Finished goods at cost	**8,281**	9,505	**–**	–
Provision for stock obsolescence	**(50)**	(100)	**–**	–
	8,231	9,405	**–**	–
Raw materials	**2,465**	3,030	**–**	–
In transit	**398**	89	**–**	–
	11,094	12,524	**–**	–
NOTE 11 Other current assets				
Prepayments	**753**	837	**49**	76
Loans receivable – secured	**–**	2	**–**	–
	753	839	**49**	76

	Country of incorporation	Beneficial percentage owned 2004 %	2003 %	Parent entity 2004 $000s	2003 $000s
NON-CURRENT ASSETS					
NOTE 12 Investments					
(a) Investments (at cost) in controlled entities comprise:					
Rutuba Pty Limited	Australia	**100%**	100%	**–**	–
Plaspak JWS Pty Ltd	Australia	**100%**	100%	**8,051**	8,051
JWS Manufacturing Pty Ltd	Australia	**100%**	100%	**–**	–
JWS Management Services Pty Ltd	Australia	**100%**	100%	**–**	–
Plaspak Property Trust	Australia	**100%**	100%	**6,339**	6,339
Plaspak QP Pty Limited	Australia	**100%**	100%	**1,500**	1,500
Plaspak Tecno Pty Limited	Australia	**100%**	100%	**487**	487
U.S. Masters Pty. Limited	Australia	**100%**	100%	**–**	–
Reckas Pty. Limited	Australia	**100%**	100%	**–**	–
GV Engineering Pty Ltd	Australia	**100%**	100%	**1,702**	1,702
Plaspak Steri-Plas Pty Ltd	Australia	**100%**	100%	**–**	–
Plaspak Peteron Pty Ltd (formerly Peteron Plastics Pty Ltd)	Australia	**100%**	100%	**9,430**	9,614
Plaspak Australia Pty Limited	Australia	**100%**	100%	**5,497**	5,497
Plaspak Pty Ltd	Australia	**100%**	100%	**–**	–
Plaspak Mistlon Pty Ltd	Australia	**100%**	100%	**–**	–
Plaspak Investments Pty Ltd (formerly Plaspak Pecap Pty Ltd)	Australia	**100%**	100%	**–**	–
Spraypac Products (NZ) Limited*	New Zealand	**50%**	50%	**–**	–
Plaspak (P.E.T) Pty Ltd	Australia	**100%**	100%	**–**	–
Plaspak Contaplas Pty Limited	Australia	**100%**	100%	**–**	–
Plaspak Food Packaging Pty Limited	Australia	**100%**	100%	**–**	–
Plaspak Properties Pty Ltd	Australia	**100%**	100%	**–**	–
Neta Brymac Pty Ltd	Australia	**100%**	100%	**–**	–
Plaspak Food Packaging (Vic) Pty Ltd	Australia	**100%**	100%	**–**	–
Plaspak Closures Pty Ltd	Australia	**100%**	100%	**–**	–
				33,006	33,190

* This company was audited by a firm other than the auditor of the parent entity.

The above investments in subsidiaries are all in ordinary class shares.

NOTE 12 Investments (continued)

(b) Controlled entities with ownership interests of 50 % or less

The consolidated entity holds 50% of the shares of Spraypac Products (NZ) Limited. Under a shareholders' agreement the consolidated entity has a casting vote at board meetings if there is a deadlock.

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
(c) Other investments	**4,932**	4,932	**–**	–

Other Investments consist primarily of a 43.7 % interest in the unlisted property trust Landmark Property Syndicate No 4. This property trust owns the Arndell Park property in Sydney, over which the consolidated entity has a long term operating lease. Total income from this investment included in the 2004 results was $327,000. (2003 $161,000) – See Note 2.

NOTE 13 Property, plant and equipment

(a) Current assets

	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
Freehold land & buildings				
Land at cost	**824**	954	**–**	–
Buildings at cost	**1,922**	1,761	**–**	–
Less: Accumulated depreciation	**(520)**	(275)	**–**	–
	1,402	1,486	**–**	–
Total land and buildings	**2,226**	2,440	**–**	–
Leasehold improvements – at cost	**–**	218	**–**	–
Less: Accumulated depreciation	**–**	(159)	**–**	–
Total Leasehold improvements	**–**	59	**–**	–
Plant and equipment – at cost	**–**	8,349	**–**	–
Less: Accumulated depreciation	**–**	(4,246)	**–**	–
Less: Writedown to recoverable amount	**–**	(517)	**–**	–
Plant and equipment – at recoverable amount	**–**	3,586	**–**	–
Plant and equipment under lease	**–**	1,198	**–**	–
Less: Accumulated amortisation	**–**	(288)	**–**	–
Less: Writedown to recoverable amount	**–**	(370)	**–**	–
Plant and equipment under lease – at recoverable amount	**–**	540	**–**	–
Total current property, plant and equipment	**2,226**	6,625	**–**	–

Current Land and Buildings includes the property at 22 Yalgar Road, Kirrawee, NSW which is currently being marketed for sale. The directors anticipate a sale price of $3.5million which would not result in any capital gains tax. Comparative figures relate to the surplus property at 300 Lower Dandenong Rd, Mordialloc, Vic which was sold in June 2004.

Current Plant and Equipment in the prior year included the assets of the Adelaide-based Thermoforming and Thinwall injection moulding businesses which were sold in July and August 2003 at values equivalent to their carrying amounts in last year's accounts.

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 13 Property, plant and equipment (continued)				
(b) Non-current assets				
Freehold land & buildings – at cost				
Land	**9,220**	7,866	**–**	–
Buildings	**13,861**	11,888	**–**	–
Less: Accumulated depreciation	**(1,376)**	(1,656)	**–**	–
	12,485	10,232	**–**	–
Total Land and Buildings	**21,705**	18,098	**–**	–
Leasehold improvements – at cost	**427**	373	**–**	–
Less: Accumulated depreciation	**(122)**	(107)	**–**	–
	305	266	**–**	–
Plant and equipment – at cost	**67,003**	64,287	**–**	–
Less: Accumulated depreciation	**(47,198)**	(43,436)	**–**	–
	19,805	20,851	**–**	–
Capital works in progress – at cost	**2,795**	1,029	**–**	–
Plant and equipment under lease	**11,322**	11,274	**–**	–
Less: Accumulated amortisation	**(3,543)**	(2,778)	**–**	–
	7,779	8,496	**–**	–
Total property, plant and equipment	**52,389**	48,740	**–**	–

A directors' valuation of Non-Current Land & Buildings was undertaken on 30 June 2004 as part of a policy to value Land & Buildings every 3 years.

The directors' aggregate valuation of Land and Buildings is $36.6million, which includes $3.6million for the surplus building at 22 Yalgar Rd Kirrawee included in Current Assets and $33million for the other Land & Buildings included in Non-Current Assets. This is based on a combination of independent advice on the market valuation, purchase offers and comparisons to similar properties sold in the area. Capital gains tax that could be paid if the Land & Buildings were sold at balance date at this valuation is $3,435,361. However accumulated capital losses would reduce this to nil provided they were not previously utilised against other capital gains.

These valuations have not been reflected in the accounts.

Non-current assets pledged as security

Refer to Note 21(b) for information on non-current assets pledged as security by the parent entity or its controlled entities.

NOTE 13 Property, plant and equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant & equipment are set out below.

	Freehold land $000s	Buildings $000s	Leasehold improvements $000s	Plant & equipment $000s	Leased plant & equipment $000s	Capital works in progress $000s	Total $000s
Consolidated – 2004							
Carrying amount at start of year	7,866	10,232	266	20,851	8,496	1,029	48,740
Additions	2,178	3,895	23	3,095	587	1,766	11,544
Disposals	–	–	–	(204)	–	–	(204)
Transfers	–	–	–	151	(151)	–	–
Depreciation & amortisation expense (Note 2(b))	–	(240)	(15)	(4,095)	(1,153)	–	(5,503)
Net transfers to current assets	(824)	(1,401)	31	–	–	–	(2,194)
Carrying amount at end of year	9,220	12,486	305	19,798	7,779	2,795	52,383

	Note	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
NOTE 14 Deferred tax assets					
Future Income Tax Benefits – timing differences		**979**	1,408	**979**	119
NOTE 15 Intangible assets					
Borrowing costs		**27**	39	**22**	39
Preliminary expenses, licences and patents – at cost		**810**	669	**45**	4
Less: Accumulated amortisation		**(503)**	(461)	**(4)**	(4)
		307	208	**41**	–
Goodwill		**3,384**	3,720	**–**	–
Less: Accumulated amortisation		**(1,306)**	(1,471)	**–**	–
		2,078	2,249	**–**	–
		2,412	2,496	**63**	39
NOTE 16 Other non-current assets					
Director loans – secured*	33(d)	**439**	437	**436**	439
Employee loans – secured*		**246**	239	**246**	203
Other loans – secured**		**433**	200	**400**	200
Other loans – unsecured		**223**	–	**–**	–
Amounts due from related bodies corporate		**–**	–	**52,457**	50,138
		1,341	876	**53,539**	50,980

* Further information relating to loans to directors and specified executives is set out in notes 5 and 33. These loans are secured over the shares acquired.

** These loans are secured by both property and fixed & floating charges. Repayment terms are within 2 years. Interest rates are floating and currently average 9.75%.

	Note	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
Current liabilities					
NOTE 17 Payables					
Trade creditors		**9,344**	9,619	**–**	–
Other creditors and accruals		**1,277**	984	**18**	14
		10,621	10,603	**18**	14
NOTE 18 Interest bearing liabilities					
Bank overdraft	18(a)	**908**	840	**–**	–
Bank Loans – secured	18(a)	**926**	2,535	**536**	2,078
Lease liabilities – secured	18(a) & 28	**2,468**	2,496	**–**	–
Hire purchase liabilities – secured		**1,883**	1,763	**–**	–
Other loans – unsecured		**102**	100	**–**	–
		6,287	7,734	**536**	2,078

(a) Bank overdraft and bank loans – secured

The bank overdraft, bank loans and certain lease liabilities are secured by certain charges over the consolidated entity's freehold properties, assets and undertakings.

Each bank loan has a specific purpose with various loans having repayment schedules, which extinguish the debt over periods ranging from 7 to 10 years.

Bank overdrafts have been reflected after taking account of legal right of set-off which was established with the bank and whereby interest is charged on the net balance.

(b) Total secured liabilities – see Note 21

(c) Foreign currency liabilities

	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
Current liabilities not effectively hedged				
Japanese Yen	**52**	88	**–**	–
US Dollars	**359**	–	**–**	–
	411	88	**–**	–
NOTE 19 Provisions				
Current				
Employee benefits	**1,233**	1,483	**–**	–
Provision for redundancy & plant closure	**–**	481	**–**	–
	1,233	1,964	**–**	–
Non-current				
Employee benefits	**1,319**	1,790	**–**	–
Total provisions	**2,552**	3,273	**–**	–
Reconciliation of movement in provision for redundancy & plant closure				
Opening balance	**481**	–	**–**	–
Provisions made in relation to closure of Adelaide operation	**–**	481	**–**	–
Payments made in relation to closure of Adelaide operation	**(481)**	–	**–**	–
Closing balance	**–**	481	**–**	–

notes to and forming part of the accounts

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

	Note	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
NOTE 20 Other current liabilities					
Deferred income on sale and leaseback of assets		**30**	6	**–**	–
NON-CURRENT LIABILITIES					
NOTE 21 Interest bearing liabilities					
Bank loans – secured	18(a)	**15,850**	16,713	**7,740**	12,606
Loans from related bodies corporate		**–**	–	**38,313**	32,152
Other loans – unsecured		**–**	200	**–**	200
Lease liabilities – secured	18(a) & 28	**4,063**	5,981	**–**	–
Hire purchase liabilities – secured		**3,448**	2,144	**–**	–
		23,361	25,038	**46,053**	44,958
(a) Secured liabilities					
Total secured liabilities (current and non-current) are:					
Bank overdrafts		**908**	840	**–**	–
Bank loans		**16,776**	19,248	**8,276**	14,684
Lease liabilities		**6,531**	8,477	**–**	–
Hire purchase liabilities		**5,331**	3,907	**–**	–
		29,546	32,472	**8,276**	14,684

Bank overdrafts and loans are secured as noted in Note 18 above.

Lease and Hire Purchase liabilities are effectively secured as the rights to those assets revert to the lessor or hirer in the event of default.

(b) Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

	Note	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
First mortgage					
Freehold land and buildings	13(b)	**21,705**	18,098	**–**	–
Finance lease					
Plant & equipment under finance lease	13(b)	**7,779**	8,496	**–**	–
Floating charge					
Investments	12	**4,932**	4,932	**–**	–
Plant & equipment	13(b)	**20,067**	24,683	**–**	–
Total non-current assets pledged as security		**54,483**	56,209	**–**	–
The following current assets are also pledged as security under the floating charge:					
Cash assets		**13**	10	**–**	–
Receivables – current		**14,113**	14,334	**–**	–
Inventories		**10,990**	12,428	**–**	–
Other current assets		**704**	763	**–**	–
Total current assets pledged as security		**25,820**	27,535	**–**	–
Total assets pledged as security		**80,303**	83,744	**–**	–

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 22 Other non-current liabilities				
Creditor amounts subject to long term financing – secured *	**223**	–	**–**	–
Deferred income on sale and leaseback of assets	**23**	–	**–**	–
	246	–	**–**	–

* Secured by the underlying machinery.

Shareholders' equity

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 23 Contributed equity				
Paid-up capital				
67,558,105 ordinary shares fully paid	**38,475**	37,581	**38,475**	37,581
Movements in ordinary share capital				
Balance at the beginning of the financial year	**37,581**	36,303	**37,581**	36,303
Shares issued under Dividend Re-investment Plan	**580**	764	**580**	764
Exercise of options	**314**	514	**314**	514
	38,475	37,581	**38,475**	37,581

	No.	No.	**No.**	No.
Movements in number of ordinary shares				
Balance at the beginning of the financial year	**66,499,254**	64,909,996	**66,499,254**	64,909,996
Shares issued under Dividend Re-investment Plan				
– 12 November 2002	**–**	390,161	**–**	390,161
– 16 April 2003	**–**	414,097	**–**	414,097
– 12 November 2003	**376,695**	–	**376,695**	–
– 16 April 2004	**237,156**	–	**237,156**	–
Exercise of options				
– 29 August 2002	**–**	50,000	**–**	50,000
– 10 September 2002	**–**	30,000	**–**	30,000
– 11 October 2002	**–**	350,000	**–**	350,000
– 22 October 2002	**–**	355,000	**–**	355,000
– 14 July 2003	**50,000**	–	**50,000**	–
– 13 August 2003	**100,000**	–	**100,000**	–
– 22 September 2003	**150,000**	–	**150,000**	–
– 20 October 2003	**27,000**	–	**27,000**	–
– 30 October 2003	**118,000**	–	**118,000**	–
	67,558,105	66,499,254	**67,558,105**	66,499,254

(a) In November, 2003 the company issued 376,695 ordinary shares at $0.94 each under a Dividend Reinvestment Plan.

(b) In April, 2004 the company issued 237,156 ordinary shares at $0.952 each under a Dividend Reinvestment Plan.

(c) During the financial year the company issued 445,000 ordinary shares at an average of $0.6959 each through the exercise of employee share options.

(d) Information about the Plaspak Executive Incentive Scheme, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in Note 37.

	Note	Consolidated entity 2004 $000s	Consolidated entity 2003 $000s	Parent entity 2004 $000s	Parent entity 2003 $000s
NOTE 24 Reserves					
Foreign currency translation		**47**	40	**–**	–
Movement in reserve					
Opening balance		**40**	39	**–**	–
Translation of 50% interest in Spraypac Products (NZ) Ltd		**7**	1	**–**	–
Closing balance		**47**	40	**–**	–
NOTE 25 Retained profits					
Retained profits at the beginning of the financial year		**5,457**	7,660	**59**	174
Net profit after income tax attributable to members of Parent entity		**6,909**	2,081	**6,641**	3,836
Decrease in Retained Profits on adoption of changes to Standard AASB 1028 Employee Benefits		**–**	(333)	**–**	–
Available for appropriation		**12,366**	9,408	**6,700**	4,010
Dividends paid or proposed	6	**(4,194)**	(3,951)	**(4,194)**	(3,951)
Retained profits at the end of the financial year		**8,172**	5,457	**2,506**	59
NOTE 26 Outside equity interests in controlled entities					
Outside equity interest comprises:					
Share capital		**64**	64	**–**	–
Retained Profits		**87**	87	**–**	–
		151	151	**–**	–
(a) Outside equity interests in issued and paid-up capital of controlled entities					
Issued ordinary shares					
Spraypac Products (NZ) Limited		**64**	64	**–**	–

NOTE 27 Financial instruments

(a) Forward exchange contracts

The consolidated entity enters into forward exchange contracts to buy and sell specified amounts of foreign currencies for the purchase of machinery and inventory, in the future, at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchase undertaken in foreign currencies.

At balance date, the details of outstanding forward exchange contracts buying foreign currency and selling Australian dollars are:

Buy currency	Maturity	2004 $000s	2003 $000s	Average exchange rate 2004	Average exchange rate 2003
United States Dollars	0-6 months	**804**	211	**0.696**	0.634
Euro Dollars	0-6 months	**–**	436	**–**	0.55
Japanese Yen	0-6 months	**359**	603	**77.315**	73.695

The unrecognised gain from forward exchange contracts as at 30 June 2004 was $Nil (2003: Nil).

Refer to Note 27(d) for further information on the value of forward exchange contracts.

NOTE 27 Financial instruments (continued)

(b) Interest rate exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is as follows:

2004				Fixed interest rate maturing			
	Weighted average interest rate	**Note**	**Floating interest rate** $000s	**Within 1 year maturity** $000s	**1 to 5 years** $000s	**Non-interest bearing** $000s	**Total** $000s
Financial assets							
Cash	0.0%	8	–	–	–	123	123
Loans receivable	9.8%	16	1,118	–	–	–	1,118
Receivables	0.0%	9	–	–	–	14,440	14,440
Total financial assets			1,118	–	–	14,563	15,681
Financial liabilities							
Bank overdrafts	9.3%	18	908	–	–	–	908
Bank loans	6.6%	21(a)	16,776	–	–	–	16,776
Interest rate swaps *	5.5%		(8,000)	3,000	5,000	–	–
Other loans	0.0%	18	–	–	–	102	102
Trade & other creditors	0.0%	17	–	–	–	10,621	10,621
Lease & hire purchase liabilities	7.4%	18	–	4,351	7,511	–	11,862
Total financial liabilities			9,684	7,351	12,511	10,723	40,269

* Notional principal amounts

2003				Fixed interest rate maturing			
	Weighted average interest rate	**Note**	**Floating interest rate** $000s	**Within 1 year maturity** $000s	**1 to 5 years** $000s	**Non-interest bearing** $000s	**Total** $000s
Financial assets							
Cash	0.0%	8	–	–	–	35	35
Loan receivable	7.7%	16	876	2	–	–	878
Receivables	0.0%	9	–	–	–	14,625	14,625
Total financial assets			876	2	–	14,660	15,538
Financial liabilities							
Bank overdrafts	8.8%	18	840	–	–	–	840
Bank loans	6.2%	21(a)	19,248	–	–	–	19,248
Interest rate swaps *	5.4%		(8,000)	3,000	5,000	–	–
Other loans	0.0%	18	–	–	–	300	300
Trade & other creditors	0.0%	17	–	–	–	10,603	10,603
Lease & hire purchase liabilities	7.6%	18	–	4,259	8,125	–	12,384
Total financial liabilities			12,088	7,259	13,125	10,903	43,375

* Notional principal amounts

NOTE 27 Financial instruments (continued)

In April 2001 the company entered into an interest rate swap transaction fixing the interest rate on bank borrowings of $5million to 5.53% plus bank margin over 5 years. In October 2001 the company entered into an interest rate swap transaction fixing the interest rate on bank borrowings of $3million to 4.91% plus bank margin over 3 years.

Interest rate swaps

Bank loans of the consolidated entity currently bear variable interest rates. The consolidated entity has entered into interest rate swap contracts to protect part of the loans from exposure to increasing interest rates. Under these contracts, the consolidated entity is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis and the net amount receivable or payable is included in other debtors or creditors.

At balance date, the details of interest rate swap contracts are:

	Effective average interest rate payable		Notional principal	
	2004	2003	**2004**	2003
	%	%	**$000s**	$000s
Settlement:				
0 to 2 years	**4.91**	4.91	**3,000**	3,000
2 to 5 years	**5.53**	5.53	**5,000**	5,000

(c) Credit risk exposure

The credit risk exposure of the consolidated entity to financial assets, which have been recognised on the balance sheet, is generally the carrying amount, net of any provisions for doubtful debts. The consolidated entity's exposure is minimised by the fact that the majority of the trade debtors balance is with a diverse range of blue-chip Australian and Multi-national manufacturers and retailers. The balance is with a very wide range of manufacturers and resellers with no large single concentration in any area.

(d) Net fair values of financial assets and liabilities

On-balance sheet

The net fair values of financial assets and financial liabilities approximate their carrying value.

Derivative financial instruments

The net fair value of financial assets or financial liabilities arising from interest rate swap agreements has been determined as the carrying amount, which represents the amount currently receivable or payable at reporting date and the present value of the estimated future cash flows which have not been recognised as an assets or liability. For forward exchange contracts the net fair value is taken to be the unrealised gain or loss at balance date calculated by reference to the current forward rates for contracts with similar maturity profiles.

	Carrying amount 2004 $000s	**Net fair value 2004 $000s**	Carrying amount 2003 $000s	Net fair value 2003 $000s
Financial assets				
Forward exchange contracts *	**–**	**38**	–	–
Interest rate swaps	**–**	**22**	–	–
	–	**60**	–	–
Financial liabilities				
Forward exchange contracts *	**–**	**–**	–	52
Interest rate swaps	**–**	**–**	–	54
	–	**–**	–	106

* These amounts are unrealised foreign exchange gains and losses which have been included in the carrying amount and net fair value of the on-balance sheet financial assets and liabilities disclosed above.

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 28 Lease commitments				
(a) Finance leases commitments				
payable:				
– not later than 1 year	**2,861**	2,763	**–**	–
– later than 1 year but not later than 5 years	**4,447**	6,554	**–**	–
– later than 5 years	**–**	424	**–**	–
Minimum lease payments	**7,308**	9,741	**–**	–
Less:				
Future finance charges not provided in the financial statements	**(777)**	(1,264)	**–**	–
Total lease liability	**6,531**	8,477	**–**	–
Provided in the financial statements as:				
Current liabilities	**2,468**	2,496	**–**	–
Non-current liabilities	**4,063**	5,981	**–**	–
	6,531	8,477	**–**	–
(b) Hire purchase commitments				
payable:				
– not later than 1 year	**2,204**	1,984	**–**	–
– later than 1 year but not later than 5 years	**3,649**	2,282	**–**	–
– later than 5 years	**–**	100	**–**	–
	5,853	4,366	**–**	–
Minimum hire purchase payments				
Less:				
Future finance charges not provided in the financial statements	**(522)**	(459)	**–**	–
Total hire purchase liability	**5,331**	3,907	**–**	–
Provided in the financial statements as:				
Current liabilities	**1,883**	1,763	**–**	–
Non-current liabilities	**3,448**	2,144	**–**	–
	5,331	3,907	**–**	–
(c) Operating lease commitments				
Operating lease rentals contracted for but not capitalised in the financial statements payable:				
– not later than 1 year	**1,792**	1,738	**–**	–
– later than 1 year but not later than 5 years	**6,153**	5,825	**–**	–
– later than 5 years	**1,373**	2,655	**–**	–
	9,318	10,218	**–**	–

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 29 Capital expenditure commitments				
Capital expenditure commitments contracted for:				
Plant and equipment purchases	**687**	1,305	**–**	–
Payable				
– not later than 1 year	**637**	1,305	**–**	–

NOTE 30 Superannuation commitments

The consolidated entity participated in five employer sponsored superannuation plans. All funds were accumulation plans whereby the company contributed various percentages of employee gross incomes, the majority of which were as determined by the superannuation guarantee legislation. Benefits provided under the plan are based on accumulated contributions and earnings for each employee. There is no legally enforceable obligation on entities in the consolidated entity to contribute to the superannuation plans other than requirements under the superannuation guarantee legislation.

	Consolidated entity 2004 $000s	2003 $000s	Parent entity 2004 $000s	2003 $000s
NOTE 31 Contingent liabilities				
(a) Parent entity				
Guarantees of controlled entities' banking and finance facilities totalling $55,289,000 of which $30,485,000 was drawn at balance date.				
Bank guarantees over borrowings by purchasers of Plaspak's former thermoforming business in Adelaide	**1,800**	–	**1,800**	–
(b) Controlled entities				
Bank guarantees	**105**	105	**–**	–

NOTE 32 Segment information

The consolidated entity operates predominantly in the plastics industry in Australasia.

NOTE 33 Related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions are inclusive of GST.

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 33 Related parties (continued)				
Transactions with related parties:				
(a) Controlled entities:				
(i) Supply of caps, bottles and triggers between controlled entities for plastics manufacturing and resale. These items eliminate on consolidation.				
(ii) Rental of premises – wholly-owned controlled entities. These items eliminate on consolidation.				
(iii) Provision of interest free unsecured loans				
– non-current receivables (wholly-owned controlled entities)	**–**	–	**52,457**	50,138
– non-current payables (wholly-owned controlled entities)	**–**	–	**38,313**	32,152
(iv) Dividends received or receivable from wholly-owned controlled entities	**–**	–	**8,000**	3,951
Trust Distribution from controlled trust	**–**	–	**647**	491
(v) Management fees received from wholly-owned controlled entities	**–**	–	**–**	600
(vi) Management fees paid to the Directors of Spraypac Products (NZ) Limited.	**99**	103	**–**	–
(vii) Provision of interest free unsecured loans by the Directors of Spraypac Products (NZ) Limited. (included in current payables)	**99**	103	**–**	–
(b) Director-related entities				
(i) Pumps purchased for resale from Quality Dispensers Pty. Ltd	**114**	95	**–**	–
Payable outstanding at balance date	**11**	8	**–**	–
(ii) Sales to HomeLeisure Ltd, a company of which Mr G. R. Molloy and Mr J. I. Wowk are directors	**113**	426	**–**	–
Receivable outstanding at balance date	**48**	65	**–**	–
(iii) Purchases from HomeLeisure Ltd, a company of which Mr G. R. Molloy and Mr J. I. Wowk are directors	**–**	3	**–**	–
Payable outstanding at balance date	**–**	–	**–**	–
(iv) Provision of accounting services by Holden and Bolster, a firm in which Mr R. M. Beath is a partner.	**150**	96	**3**	24
Payable outstanding at balance date	**78**	14	**–**	12
(v) Provision of legal services by Doherty Partners a firm in which Mr J. I. Wowk is a partner	**180**	252	**89**	243
Payable outstanding at balance date	**68**	53	**28**	33
The aggregate amounts receivable and payable to director-related entities at balance date were as follows:				
– current assets	**48**	65	**–**	–
– current liabilities	**157**	75	**28**	45
(c) Loans to directors:				
Loan to Managing Director David Hoff to enable purchase of Plaspak Group Limited shares through exercising of options. The loan is at commercial interest rates and was approved at a general meeting of shareholders on 30 July 2002. The loan is over a maximum of 5 years and is secured over the shares acquired.	**437**	437	**437**	437

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s

NOTE 33 Related parties (continued)

(d) Options granted to directors:

On 25 November 2003 shareholders approved the grant of 200,000 options to the Managing Director Mr David Hoff, which he became entitled to under his management contract. (refer Note 37).

(e) Share transactions of directors:

Directors and director-related entities have acquired or disposed of ordinary shares in the members of the consolidated entity during the financial year as follows:

	No.	No.	**No.**	No.
Plaspak Group Limited – acquired	**234**	445	**234**	445
Plaspak Group Limited – disposed	**(75)**	(471)	**(75)**	(471)
Net movement	**159**	(26)	**159**	(26)

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the consolidated entity:

Plaspak Group Limited – ordinary shares	**8,455**	8,296	**8,455**	8,296

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s

NOTE 34 Cash flow information

(a) Reconciliation of profit after income tax to the cash provided by operating activities

Profit after income tax	**6,909**	2,081	6,641	3,836
Cash flows in operating result attributable to non-operating activities:				
Interest paid	**2,063**	2,239	662	896
Cash flows in operating activities but not attributable to operating result:				
Payments from employee provisions	**(1,708)**	(1,447)	**–**	–
Non-cash flows in operating profit:				
Amortisation	**1,385**	1,949	**–**	–
Depreciation	**4,386**	5,730	**–**	–
Deferred income	**(19)**	(34)	**–**	–
Items reducing outside equity shareholder				
Transfers to/(from) provisions	**582**	1,919	**–**	23
Loss/(Profits) on sale of property, plant & equipment	**(692)**	260	**–**	–
Increase/(decrease) in tax payable	**–**	(279)	**(10)**	10
(Increase)/decrease in deferred tax assets	**429**	(196)	**(860)**	(59)
Increase/(decrease) in deferred tax liabilities	**(1,989)**	(558)	**747**	–

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 34 Cash flow information (continued)				
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities:				
(Increase)/decrease in trade and other debtors	**425**	1,463	**–**	–
(Increase)/decrease in prepayments	**84**	(149)	**(23)**	36
(Increase)/decrease in inventories	**1,511**	(432)	**–**	–
Increase/(decrease) in trade creditors and accruals	**241**	(1,390)	**60**	49
Net cash provided by operating activities	**13,607**	11,156	**7,217**	4,791
(b) Reconciliation of cash				
For the purposes of this statement of cash flows, cash includes:				
Cash on hand	**10**	10	**–**	–
Call deposits with financial institutions	**113**	25	**534**	181
Bank overdrafts – secured	**(908)**	(840)	**–**	–
	(785)	(805)	**534**	181

(c) Acquisition/disposal of businesses

There were no acquisitions of businesses in the current or prior year.

(d) Non-cash financing and investing activities

(i) In accordance with the Company's Dividend Reinvestment Plan, $580,000 of dividends paid during the year were reinvested in the shares of the Company.

(i) During the financial year, the consolidated entity acquired Plant & Equipment with a value of $3,691,000 by means of finance leases or hire purchase agreements.

(i) In accordance with the Company's Executive Incentive Scheme $81,000 in loans were provided to employees at commercial interest rates in order to exercise options under the scheme. This was a non-cash financing activity as payment for the shares was offset by funds advanced for the loans.

(e) Unused credit facilities

(i) The consolidated entity had access to the following lines of credit at balance date:

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
Total facilities available:				
Bank overdraft	**3,000**	3,000	**–**	–
Bank loans	**21,076**	19,648	**–**	–
	24,076	22,648	**–**	–
Not utilised at balance date:				
Bank overdraft	**2,092**	2,213	**–**	–
Bank loans	**4,300**	500	**–**	–
	6,392	2,713	**–**	–

notes to and forming part of the accounts

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

NOTE 34 Cash flow information (continued)

The major facilities are summarised as follows:

Banking overdrafts

Bank overdraft facilities are arranged equally with the Commonwealth Bank of Australia Ltd and the National Australia Bank with the general terms and conditions being set from time to time. Overdraft balances are subject to set-off arrangements whereby credit balances can be netted off against debit balances with the total facility and interest being applied to the net balance.

Commercial bill facilities

$13,076,000 variable interest rate and $8,000,000 fixed interest rate facilities provided by the Commonwealth Bank of Australia Ltd and the National Australia Bank Ltd.

All banking facilities are subject to annual review in line with normal banking practice. There is no reason to believe that facilities will not be routinely renewed at this point. Interest rates on facilities range from 5.91% to 6.74% inclusive of bank margins. Of the bank loans $5,000,000 is subject to fixed interest at 6.53% over the next 2 years and $3 million is subject to fixed interest at 5.91% over the next 4 months.

NOTE 35 Events subsequent to reporting date

In July 2004 the relocation of the Plaspak Closures plant to the newly acquired site in Waratah Street, Kirrawee was completed. In August 2004 the injection moulding operations of Plaspak JWS at Seven Hills were also relocated to this site. Redundancies at the Seven Hills plant associated with this move were reflected in the June 2004 accounts. The consolidation of Plaspak's injection moulding plants will lead to greater manufacturing and distribution efficiencies.

No other matters or circumstances have arisen since the end of the period which significantly affected the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the financial year subsequent to 30 June, 2003.

NOTE 36 Discontinuing operations

On 13 June 2003 The Group announced to employees its decision to dispose of the Adelaide based thermoforming and thinwall injection moulding business of Plaspak Food Packaging Pty Ltd. The group had actively sought three sale transactions for various parts of this operation. These transactions were post balance date during July and August 2003.

Total proceeds from the sales excluding GST were $4,536,000. During the 2002-03 financial year this business recorded an operating loss before tax of $962,000. The following assets and liabilities of this business were included in the Statements of Financial Position as at end of each of the financial periods.

	30-Jun-04 $000s	30-Jun-03 $000s
NOTE 36 Discontinuing operations (continued)		
Financial position		
Current assets		
Cash	**–**	126
Receivables	**106**	1,729
Inventories	**–**	1,216
Plant & equipment held for sale	**–**	4,165
Other	**–**	13
Total current assets	**106**	7,249
Non-current assets		
Property plant & equipment	**–**	97
Intangibles	**–**	–
Tax assets	**–**	225
Other	**223**	–
Total non-current assets	**223**	322
Total assets	**329**	7,571
Current liabilities		
Payables	**84**	1,287
Borrowings	**–**	632
Provisions	**–**	542
Total current liabilities	**84**	2,461
Non-current liabilities		
Borrowings	**–**	–
Tax liabilities	**–**	508
Provisions	**–**	189
Other	**223**	–
Total non-current liabilities	**223**	697
Total liabilities	**307**	3,158
Net assets	**22**	4,413

Assets of the Adelaide business were written down to their net recoverable value at 30 June 2003 and hence there was no profit and loss on disposal when the assets were disposed of in the 2004 year. Carrying values of assets and liabilities disposed of were not materially different from those at 30 June 2003 as listed above.

notes to and forming part of the accounts

NOTE 36 Discontinuing operations (continued)

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

	30-Jun-04 $000s	30-Jun-03 $000s
Financial performance		
Revenues from ordinary activities:		
Sales revenue	**909**	9,625
Other revenue	**–**	2
	909	9,627
Expenses from ordinary activities:		
Cost of sales	**933**	9,220
Warehouse & distribution expenses	**47**	668
Selling expenses	**48**	239
Administration expenses	**48**	427
	1,076	10,554
Borrowing expenses:	**3**	35
Loss from ordinary activities before tax	**(170)**	(962)
Income tax (credit)	**(51)**	(285)
Net loss from ordinary activities after tax	**(119)**	(677)
Cashflow information:		
Net cash outflow from operating activities	**(119)**	(919)
Net cash outflow from investing activities	**–**	(1,316)
Net cash inflow from financing activities	**–**	2,174
Net decrease in cash generated	**(119)**	(61)

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	$000s	$000s	**$000s**	$000s
NOTE 37 Employee benefits				
Employee benefit and related oncost liabilities:				
Included in other creditors and accruals – current (Note 17)	**208**	337	**–**	–
Provision for employee entitlements – current (Note 19)	**1,233**	1,483	**–**	–
Provision for redundancy – current (Note 19)	**–**	234	**–**	–
Provision for employee entitlements – non-current (Note 19)	**1,319**	1,790	**–**	–
Aggregate employee benefits and related oncost liabilities	**2,760**	3,844	**–**	–

	No.	No.	**No.**	No.
b) Number of employees at year end	**298**	373	**–**	–

Director and employee share option arrangements

(i) Plaspak eligible executive employees may be granted options under the Plaspak Executive Incentive Scheme. Options granted under the scheme are for a maximum of 5 years. Options under the scheme may only be exercised after 2 years from the date of issue and expire 30 days after the employee ceases to be an employee.

(ii) Options that were granted to directors required shareholder approval and vested immediately.

(iii) On 12 August 2002, 900,000 share options were granted to non-executive directors at an exercise price of $1.65 following approval at a shareholders meeting held on 30 July 2002. These options are exerciseable at any time within a 5 year period from this date.

(iv) At the same meeting shareholders approved the grant of 100,000 options to the Managing Director Mr David Hoff, which he became entitled to under his management contract. These have an exercise price of $0.90 and can be exercised at any time up until 31 May 2005. He became entitled to these on 31 May 2001.

(v) At the Annual General Meeting on 12 November 2002, shareholders approved the grant of 100,000 options to the Managing Director Mr David Hoff, which he also became entitled to under his management contract. These have an exercise price of $1.86 and can be exercised at any time up until 31 May 2006. He became entitled to these on 31 May 2002.

(vi) At the Annual General Meeting on 25 November 2003, shareholders approved the grant of 200,000 options to the Managing Director Mr David Hoff, which he also became entitled to under his management contract. These have an exercise price of $1.40 and can be exercised at any time up until 31 May 2007. He became entitled to these on 31 May 2003.

(vii) Options hold no voting or dividend rights and are not transferable without Board of Directors approval.

The closing price of an ordinary share of Plaspak Group Limited on the Australian Stock Exchange at 30 June 2004 was $0.95 (30 June 2003 $0.96).

	Consolidated entity		Parent entity	
	2004	2003	**2004**	2003
	No.	No.	**No.**	No.
NOTE 37 Employee benefits (continued)				
(a) Movement in the number of share options held by directors are as follows:				
Opening balance	**1,400,000**	650,000	**1,400,000**	650,000
Granted during the year	**200,000**	1,100,000	**200,000**	1,100,000
Exercised during the year	**(150,000)**	(350,000)	**(150,000)**	(350,000)
Lapsed during the year	**(50,000)**	–	**(50,000)**	–
Closing balance	**1,400,000**	1,400,000	**1,400,000**	1,400,000
(b) Movement in the number of share options held by employees are as follows:				
Opening balance	**1,140,000**	1,625,000	**1,140,000**	1,625,000
Granted during the year	**150,000**	–	**150,000**	–
Exercised during the year	**(295,000)**	(435,000)	**(295,000)**	(435,000)
Lapsed during the year	**(75,000)**	(50,000)	**(75,000)**	(50,000)
Closing balance	**920,000**	1,140,000	**920,000**	1,140,000
(c) Details of share options exercised during the year:				
Proceeds from shares issued	**314**	514	**314**	514
Fair value as at issue date of shares issued during the year	**439**	855	**439**	855

The company assists employees to acquire shares through exercise of options by providing loans to employees at commercial interest rates. Shares issued to employees in this manner serve as security for the debt.

Fair value of shares issued during the reporting period at their issue date is estimated to be the market price of shares of the parent entity on the Australian Stock Exchange as at close of trading on the issue dates. The fair value of shares at date of issue was:

Grant date	Expiry date	Issue date	Fair value at issue date	Number of shares
14-Mar-00	14-Mar-05	14-Jul-03	$48,000	50,000
28-Sep-99	28-Sep-04	12-Aug-03	$103,000	100,000
15-Oct-99	15-Oct-03	18-Sep-03	$97,000	100,000
30-Aug-99	30-Aug-03	29-Aug-03	$49,000	50,000
1-Jul-01	1-Jul-06	20-Oct-03	$28,080	27,000
14-Mar-00	14-Mar-05	30-Oct-03	$67,900	70,000
1-Jul-01	1-Jul-06	30-Oct-03	$46,560	48,000
			$439,540	445,000

NOTE 37 Employee benefits (continued)

(d) Details of share options outstanding as at end of the year:

Grant date	Expiry date	Exercise price	Consolidated entity 2004 No.	Consolidated entity 2003 No.	Parent entity 2004 No.	Parent entity 2003 No.
30-Aug-99	30-Aug-03	$0.78	**–**	100,000	**–**	100,000
15-Oct-99	15-Oct-03	$0.70	**–**	100,000	**–**	100,000
28-Sep-99	28-Sep-04	$0.65	**345,000**	445,000	**345,000**	445,000
14-Mar-00	14-Mar-05	$0.65	**–**	120,000	**–**	120,000
11-Jul-00	11-Jul-04	$0.76	**100,000**	100,000	**100,000**	100,000
11-Oct-00	11-Oct-05	$0.73	**75,000**	75,000	**75,000**	75,000
10-May-01	10-May-06	$0.73	**75,000**	75,000	**75,000**	75,000
1-Jul-01	1-Jul-06	$0.83	**25,000**	100,000	**25,000**	100,000
30-Jul-01	30-Jul-06	$0.83	**125,000**	125,000	**125,000**	125,000
22-Mar-02	22-Mar-07	$1.21	**125,000**	200,000	**125,000**	200,000
12-Aug-02	12-Aug-07	$1.65	**900,000**	900,000	**900,000**	900,000
31-May-01	31-May-05	$0.90	**100,000**	100,000	**100,000**	100,000
31-May-02	31-May-06	$1.86	**100,000**	100,000	**100,000**	100,000
31-May-03	31-May-07	$1.40	**200,000**	100,000	**200,000**	100,000
17-Nov-03	17-Nov-08	$1.12	**75,000**	100,000	**75,000**	100,000
24-May-04	24-May-09	$1.13	**75,000**	100,000	**75,000**	100,000
			2,320,000	2,840,000	**2,320,000**	2,840,000

director's declaration

for the year ended 30 June 2004 Plaspak Group Limited and Controlled Entities

The directors declare that the accompanying financial statements and notes:

1. Comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

2. Give a true and fair view of:

(a) The financial position of the company and consolidated entity as at 30 June 2004; and

(b) The performance of the company and consolidated entity for the financial year ended on that date.

In the opinion of the directors:

1. The financial statements and notes are in accordance with the Corporations Act 2001; and
2. There are reasonable grounds to believe that the company will be able to meet its debts as and when they become due and payable.

Signed in accordance with a resolution of the board of directors.

Colin Francis Ryan
Director
Sydney, 28 September 2004

independent audit report

to members of Plaspak Group Limited

BDO
Chartered Accountants
& Advisers

Level 19, 2 Market Street Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
Tel. +61 2 9286 5555 Fax +61 2 9286 5599
Email: bdosyd@bdosyd.com.au
www.bdo.com.au

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF PLASPAK GROUP LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Plaspak Group Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

independent audit report

to members of Plaspak Group Limited

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Plaspak Group Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

BDO

BDO
Chartered Accountants

K R Reid
Partner

Dated Sydney this 28th day of September 2004

additional information for listed public companies

Plaspak Group Limited and Controlled Entities

1. Shareholding

(a) Distribution of shareholders at 18 August 2004

Category (size of holding)	**Number of shareholders 2004**	Number of shareholders 2003
1 – 1,000	**210**	187
1,001 – 5,000	**756**	549
5,001 – 10,000	**559**	397
10,001 – 100,000	**558**	419
100,001 and over	**51**	55
	2,134	1,607

(b) The number of shareholdings held in less than marketable parcels is 42.

(c) The names of the substantial shareholders listed in the holding company's register at the 18th August 2004

	Number of shares 2004	Number of shares 2003
Corso Management Pty Ltd	**7,129**	7,129
Equipment Co of Australia Pty Ltd	**6,734**	6,754
ANZ Nominees	**6,629**	372
National Nominees Limited	**4,868**	10,784
Vitri Australia Pty Limited	**3,940**	3,940
Citicorp nominees Pty Ltd	**3,316**	4,368

(d) Voting rights

The consolidated entity has one class of ordinary shares with equal voting rights attached to them.

additional information for listed public companies

(e) Twenty largest shareholders

	Name	Number of ordinary fully paid shares held $000s	Percentage held of listed ordinary capital %
1	Corso Management Pty Ltd	7,129	10.55
2	Equipment Co of Australia Pty Ltd	6,734	9.95
3	ANZ Nominees Limited	6,629	9.80
4	National Nominees Limited	4,868	7.20
5	Vitri Australia Pty Ltd	3,940	5.82
6	Citicorp Nominees Pty Limited	3,316	4.90
7	John E Gill Trading Pty Ltd	1,569	2.32
8	Metal Industries Pty Ltd	1,079	1.60
9	Mr David Hoff	932	1.33
10	Permanent Trustee Australia Limited	743	1.10
11	MF Custodians Ltd	712	1.05
12	J P Morgan Nominees Australia Limited	574	0.85
13	Mr Frank Joseph Hardiman	428	0.63
14	MLC Limited	416	0.62
15	Perpetual Custodians Limited	375	0.55
16	Lion Capital Pty Ltd	361	0.53
17	Mr Colin Francis Ryan & Mrs Jose Maureen Ryan	350	0.52
18	Ms Alison Irving	342	0.51
19	Australian Investments Oriental Nominee Limited	300	0.44
20	Mr Robert Joseph Faulks & Mrs Patricia Baynton Faulks	245	0.36
		47,442	60.63

additional information for listed public companies

Plaspak Group Limited and Controlled Entities

(f) There is no on market buy back for group shares as at 18 August 2004

2. The name of the company secretary is

Mr Robert Nicholls.

3. The address of the principal registered office in Australia is

25–27 Waratah Street, Kirrawee, NSW 2232

Telephone	(02) 9521 8444
Fax	(02) 9521 4561
Email	info@plaspak.com.au

4. Registers of securities are held at the following addresses:

New South Wales
Registries Limited
Level 2
28 Margaret Street, Sydney NSW 2000
P.O. Box R67, Royal Exchange, Sydney NSW 1223

5. Stock Exchange listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Ltd.

This page has been left blank intentionally.

Corporate Directory

Directors

Colin F. Ryan
B.Com., Dip.Ed., C.A
Director and Chairman
(non-executive)

Glenn R. Molloy
Director (executive)

Raymond M. Beath
B.Comm., F.C.A
Director
(non-executive)

Jury I. Wowk
B.A., LL.B
Director
(non-executive)

David A. Hoff
C.P.A
Managing Director

Company Secretary

Robert J. Nicholls
LL.B (Hons), Grad.Cert.Bus.Admin., Grad. Dip. CSP, ACIS

Head Office & Registered Office

Plaspak Group Limited
25-27 Waratah Street
Kirrawee NSW 2232
Telephone 02 9521 8444
Facsimile 02 9521 4561

Share Registry

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW, 2000
Telephone 02 9290 9600
Facsimile 02 9279 0664

Auditors

BDO
Allianz Centre
2 Market Street Sydney
New South Wales, 2000
Telephone 02 9286 5555
Facsimile 02 9286 5599

The Plaspak Group of Companies

New South Wales

Plaspak Contaplas Pty Limited
Plaspak (PET) Pty Limited
8 Contaplas Street
Arndell Park NSW 2148
Telephone 02 9672 0909
Facsimile 02 9672 0977

Plaspak Steri-Plas Pty Limited
6-8 Helles Avenue
Moorebank NSW 2170
Telephone 02 9821 2060
Facsimile 02 9821 2038

Plaspak JWS Pty Limited
13A Stanton Road
Seven Hills NSW 2147
Telephone 02 9624 4488
Facsimile 02 9674 6592

Plaspak Closures Pty Limited
25-27 Waratah Street
Kirrawee NSW 2232
Telephone 02 9521 8444
Facsimile 02 9521 4561

Queensland

Plaspak QP Pty Limited
72 Pritchard Road
Virginia QLD 4014
Telephone 07 3865 3833
Facsimile 07 3865 3862

Plaspak Tecno Pty Limited
342 Woolcock Street
Garbutt Townsville QLD 4814
Telephone 07 4775 1488
Facsimile 07 4775 4189

Victoria

Plaspak Closures Pty Limited (Melbourne Branch)
136 Williams Road
Dandenong VIC 3175
Telephone 03 9791 8386
Facsimile 03 9791 8546

Plaspak Peteron Pty Limited
36-42 Hydrive Close
Remington Industrial Estate
Dandenong South Vic 3175
Telephone 03 9799 8877
Facsimile 03 9799 8866

New Zealand

Spraypac Products (NZ) Limited
Peter Blackett (Managing Director)
287 Neilson Street
Onehunga Auckland NZ 1006
Telephone + 64 9 634 3890
Facsimile + 64 9 634 3891

Produced by Ripe Communication

PLASPAK GROUP LIMITED

A.C.N. 003 964 151