



ABN 65 003 964 181

PLASPAK GROUP LIMITED

25-27 WARATAH STREET
KIRRAWEE NSW 2232
AUSTRALIA

TELEPHONE: (02) 9521 8444
FACSIMILE: (02) 9521 4561

PO BOX 297
JANNALI NSW 2226
AUSTRALIA

www.plaspak.com.au

28 June 2006

Company Announcements Office
Australian Stock Exchange Limited

FOR RELEASE TO THE MARKET

PLASTICS PACKAGING BUSINESS SALE

Details of the Sale

Plaspak Group Limited ("Plaspak") has signed a conditional agreement to sell Plaspak's plastics packaging businesses to Skyson Pty Limited, which post completion will be known as Plaspak Holdings Pty Limited ("Plaspak Holdings"). Plaspak Holdings is ultimately owned by the Geminder family, which has a number of other packaging operations in Australia and New Zealand.

The parties are only obliged to complete the sale if the following conditions are satisfied or waived:

- (a) no regulatory intervention;
- (b) Plaspak shareholder approval in accordance with ASX Listing Rule 11.2 and the Corporations Act 2001 (Cth); and
- (c) no material adverse change occurring in respect of the Plaspak plastics packaging business before the scheduled completion date of 1 September 2006.

The Shareholders Meeting to consider and if appropriate approve the sale of the plastic packaging businesses will be held on Wednesday, 16 August 2006.

The sale price is \$50 million less lease liabilities assumed by Plaspak Holdings. This represents a surplus over book value of assets sold of approximately \$10 million.

Additional payments of up to \$5 million may also be payable to Plaspak for the provision of transitional services assessed by the achievement of agreed performance criteria during the 18 months following completion of the sale.

Rationale for the Sale

The decision to sell the plastic packaging businesses was made after lengthy and detailed deliberation by the directors. The directors considered and took into account the following factors:

- (a) The plastics packaging businesses operate in a mature manufacturing industry which, in the board's view, has limited scope for growth.
- (b) The ability to work together with a larger group will allow the Plaspak businesses to be more efficient and competitive on a global scale as there continues to be a steady erosion of available work due to customers transferring their operations to overseas locations particularly South-East Asia and India.
- (c) The businesses are subjected to continued pressure on selling prices and volatile raw material costs (linked to the price of oil) which involve short term spikes with a limited ability to recover the cost increases from customers.
- (d) The businesses on a stand alone basis will continue to struggle to achieve a return on shareholders funds (commensurate with risk) considered acceptable by the directors.
- (e) The sale is accordingly in the best interests of employees, shareholders, suppliers and customers.

Plaspak Post Sale

On completion of the sale of the plastics packaging businesses, Plaspak will retain as its ongoing businesses and investments:

- 1. York Precision Plastics Pty Ltd ("YPP") which manufactures and distributes acrylic diffusers for the lighting industry and thermoplastic sheet for the building and signage industries.
- 2. Rambor Limited which manufactures and sells a range of proprietary hand held equipment for the mining industry.
- 3. An extensive portfolio of industrial properties including:
 - (a) A property at Riverwood occupied by YPP.
 - (b) Five properties leased to the companies operating the plastics packaging business and located at Arndell Park, Kirrawee and Seven Hills in NSW, Virginia Queensland and Dandenong Victoria.
 - (c) Two vacant sites at Arndell Park and Virginia which will be capable of development.
- 4. It is projected that ongoing operating earnings per share will be approximately in line with operating earnings in the 2005 year.
- 5. Other than minimal lease liabilities, Plaspak will be debt free.

Further relevant information will be provided for consideration by shareholders at the Shareholders Meeting.

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

Colin Ryan
Chairman

Contact regarding announcement:

Mr David Hoff, Managing Director on (02) 9521 8444.