



Pro-Pac Packaging Limited
ACN 112 971 874
25 July 2012

FY 2012 EARNINGS UPDATE

The first half of the financial year is traditionally stronger than the second half, but previously we anticipated that with our organic growth and acquisition activity, we would achieve at least the same earnings in this second half. However, despite an increase in H2 earnings over the same period last year, earnings for FY2012 H2 will not match those for H1.

During H2 the Company withdrew from two significant anticipated acquisitions under negotiation earlier this year. In the case of the first, we withdrew as we were not satisfied with the outcome of our due diligence investigations. As for the second acquisition, following agreement in principle, a second bidder emerged that inflated the purchase price beyond a multiple which the Board believed would make the acquisition earnings accretive for our shareholders.

Had these acquisitions materialized we would have achieved our projected H2 earnings. However as a quid pro quo the Company has a very strong balance sheet with zero net debt and positive cash, providing plenty of firepower for our existing strong pipeline of acquisition targets.

The Board also made the decision to consolidate and upgrade the Company's facilities in NSW, QLD and SA during H2. These projects resulted in significant relocation and rationalization costs but were necessary for the essential infrastructure to support the continuing growth of the Group.

Despite very tough economic conditions during the final quarter of FY 2012, the Company continued to grow organically, won further business and completed several smaller acquisitions. As a consequence earnings before tax for the year are expected to be circa 15% up on the previous year and this after incurring relocation and rationalization costs of approximately \$750k.

For further information please call Mr Brandon Penn, CEO on (02) 8781 0500.

About PPG

Pro-Pac Packaging Limited is a diversified manufacturing and distribution company, providing innovative, flexible and rigid packaging solutions for a broad group of customers. PPG is headquartered in Sydney with operations in Adelaide, Brisbane, Melbourne and Perth. PPG's securities are listed and quoted on the ASX.

For further information on PPG visit www.ppgaust.com.au