TRANSPACIFIC INDUSTRIES GROUP LTD

Transpacific Industries Group Ltd
ABN: 74 101 155 220

Level 1, 159 Coronation Drive
MILTON Q 4064
PO Box 1824
MILTON Q 4064

Phone: + 61 7 3367 7800
Fax: + 61 7 3367 7878

APPENDIX 4D

2014 HALF-YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. **Reporting Period**

Reporting Period: 31 December 2014
Previous Corresponding Period: 31 December 2013

The 2014 Half-Year Consolidated Financial Report should be read in conjunction with the 2014 Annual Report.

2. **Results For Announcement To The Market**

	HALF-YEAR ENDED 31 DECEMBER 2014 $'M	HALF-YEAR ENDED 31 DECEMBER 2013 $'M	UP / DOWN	% MOVEMENT
Revenue from ordinary activities	**689.5**	**726.9**	Down	5.1%
(Loss)/Profit From Continuing and Discontinued Operations After Income Tax	**(33.4)**	**167.1**	Down	119.9%
Attributable To:				
Ordinary Equity holders of the Parent	**(41.7)**	**158.6**	Down	126.3%
Non-controlling interest	**0.7**	**0.5**		
Distribution to Step-up Preference Security holders	**7.6**	**8.0**	Down	5.0%
(Loss)/Profit From Continuing And Discontinued Operations After Income Tax	**(33.4)**	**167.1**	Down	119.9%

3. **Dividends (Distributions)**

The Group has determined to pay a fully franked interim dividend of 0.7 cents per share to Ordinary Shareholders for the half-year ended 31 December 2014. The record date for the dividend will be 27 February 2015 and payment will be made on 01 April 2015.

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4. Net Tangible Assets ('NTA') Per Security

	31 DECEMBER 2014 CENTS	30 JUNE 2014 CENTS
NTA per security	32.1	49.8

5. Entities Over Which Control Has Been Gained Or Lost During The Period

There are no entities over which control has been gained or lost during the period

6. Associates And Joint Venture Entities

Name of Entity	NOTES	% OF OWNERSHIP INTEREST HELD 31 DECEMBER 2014	% OF OWNERSHIP INTEREST HELD 31 DECEMBER 2013
Western Resource Recovery Pty Ltd		50%	50%
Total Waste Management Pty Ltd		50%	50%
ERS Co Pty Ltd		49%	49%
Wonthaggi Recyclers Pty Ltd		50%	50%
Earthpower Technologies Sydney Pty Ltd		50%	50%
Daniels Sharpsmart New Zealand Ltd		-	50%
Pikes Point Transfer Station Ltd		-	50%
Midwest Disposals Limited		-	50%
Living Earth Limited		-	50%
Waste Disposal Services (unincorporated joint venture)		-	50%
Transwaste Canterbury Ltd		-	50%

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7. Other Significant Information

On 17 December 2014, the Group announced its intention to acquire the Melbourne Regional landfill business, including existing licences and permits from Boral Ltd. The transaction is subject to certain customary terms which are expected to be completed by 28 February 2015. Refer to Note 14 in the 2014 Half-Year Consolidated Financial Report.

8. Accounting Standards Used For Foreign Entities

Not applicable.

9. Commentary On The Results For The Period

Refer to 2014 Half-Year Consolidated Financial Report and Investor Presentation.

10. Status Of Audit

The Half-Year Report is based on the attached 2014 Half-Year Consolidated Financial Report which has been subject to review.

D J F Last
Company Secretary
20 February 2015

Transpacific Industries Group Ltd

ABN 74 101 155 220

CONSOLIDATED FINANCIAL REPORT

For the Half-Year Ended 31 December 2014

Contents

This interim Consolidated Financial Report does not include all Notes of the type normally included in an Annual Financial Report. Accordingly, this Report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by Transpacific Industries Group Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' Report

The Directors present their Report together with the Consolidated Financial Statements of the Group, consisting of Transpacific Industries Group Ltd ("Transpacific" or "the Company") and its controlled entities, for the half-year ended 31 December 2014.

Directors

The names of Directors of the Company at any time during or since the end of the financial year are set out below. Directors were in office for this entire period unless otherwise stated.

M M Hudson	Non-Executive Director, Chairman
R C Boucher Jr	Executive Director
R M Smith	Non-Executive Director
E R Stein	Non-Executive Director
T A Sinclair	Non-Executive Director
R M Harding	Non-Executive Director
M P Chellew	Non-Executive Director
P G Etienne	Non-Executive Director

The office of Company Secretary is held by D J F Last, LLB (Hons), B.Com and K L Smith, B.Com (Hons), CA.

Review of Results

Financial Results

The Group's Statutory Loss from Continuing and Discontinued Operations After Income Tax for the half-year ended 31 December 2014 was $33.4 million (2013: Profit of $167.1 million).

The Group's Underlying Profit After Income Tax (Attributable to Ordinary Equity Holders) for the half-year ended 31 December 2014 of $22.8 million was down by 45.3% on the prior year (2013: $41.7 million).

Operating Cash Flows

Operating cash flow decreased 8.9% (2013: decrease of 25.3%) to $81.7 million (2013: $89.7 million).

Balance Sheet

The Group's net assets decreased from $2,058.7 million at 30 June 2014 to $1,745.2 million at 31 December 2014 primarily as a result of redemption of the SPS Trust loan notes in September 2014 and the impairment of the Hydrocarbons business.

Rounding Of Amounts

The Group is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the Consolidated Financial Statements have been rounded to the nearest hundred thousand dollars unless specifically stated otherwise.

Segment Review

The Group comprises three segments. Details of the segments and a summary of the segment and Group's results for the half-year are set out below:

Segment Overview

The Group's segment reporting aligns with the Group's divisional structure.

CLEANAWAY	
Core Business	Cleanaway is the leading operator in the solid waste sector in Australia. Services provided include: • Collections – commercial and industrial ("C&I"), municipal and residential collection services for all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services. • Post Collections – ownership and management of waste transfer stations, resource recovery and recycling facilities, secure product destruction, quarantine treatment operations and landfills. • Commodities trading – sale of recovered paper, cardboard, metals and plastics to the domestic and international marketplace.
Financial Metrics	Sales revenues decreased 2.4% to $456.3 million as increases in Post Collections revenues were offset by lower Collections revenues. Underlying EBITDA decreased 2.4% to $96.2 million predominantly due to lower earnings from Municipal collections.
Performance	**Collections** The 2.1% decline in C&I revenues was mainly due to front lift volumes declining partially offset by price increases implemented during the period. Municipal revenues were down 10.4% reflecting an intentional strategy of focusing on contracts that deliver an adequate return on investment. **Post Collections** Post Collections revenues, excluding state based landfill levies and carbon tax, increased 5.2%. Increased volumes in VIC, SA and WA were offset by weaker volumes in QLD and NSW however overall pricing was stronger during the period.

Segment Overview (continued)

INDUSTRIALS	
Core Business	Industrials is a leading operator in the areas of: • Technical Services – collection, treatment, processing and recycling of liquid and hazardous waste and disposal of liquid and prescribed waste. • Energy, Minerals and Remediation – services include industrial cleaning, vacuum tanker loading, site remediation, sludge management, concrete remediation, CCTV, corrosion protection and emergency response services. • Hydrocarbons – collection, treatment and re-sale of used lubricants, refining and recycling of used mineral oils to produce fuel oils and base oils and parts washing.
Financial Metrics	Total revenues decreased by 7.2% to $229.1 million (including Product Stewardship for Oil subsidies), as a result of weaker market conditions and declining oil prices. Underlying EBITDA decreased 28.9% to $31.8 million mainly due to reduced volumes of higher margin hazardous liquid waste, weaker market conditions and declining oil prices.
Performance	**Technical Services** Total volumes of liquids processed decreased 8.5% on the prior year, with QLD volumes impacted by completion of the LNG pipeline development work and in NSW, the Homebush plant maintenance shut down. The reduction in Underlying EBITDA of 29.1% to $12.3 million reflects the continued weakness in the manufacturing, industrial and resource sectors, which are the generators of higher value hazardous liquid waste. **Energy, Minerals and Remediation (EMR)** EMR revenue has decreased by 2.9% to $60.0 million, mainly due to the weaker mining sector. Emergency response work also remains low. **Hydrocarbons** Hydrocarbons revenue has declined by 7.0% to $66.2 million, with underlying EBITDA decreasing by 26.2% to $14.0 million. This was due to a decrease in volumes reflecting a decrease in activity in the mining sector, increased collection costs and sales price indices for fuel and base oils declining.

CORPORATE	
Core Business	Corporate provides a range of shared services functions that are not directly attributable to other identifiable segments. These functions include management, finance, legal, information technology, marketing and human resources that provide support to the other segments.
Financial Metrics	Corporate costs not recharged into the operating segments were $6.8 million (2013: $4.9 million).

Group Results

	STATUTORY (1)		UNDERLYING ADJUSTMENTS (2)		UNDERLYING (1)	
	HALF-YEAR ENDED 2014 $'M	HALF-YEAR ENDED 2013 $'M	HALF-YEAR ENDED 2014 $'M	HALF-YEAR ENDED 2013 $'M	HALF-YEAR ENDED 2014 $'M	HALF-YEAR ENDED 2013 $'M
Cleanaway	89.5	98.6	6.7	-	96.2	98.6
Industrials	(51.3)	44.8	83.1	-	31.8	44.8
Share of profits in Continuing Associates	0.6	1.0	-	-	0.6	1.0
Waste Management	**38.8**	**144.4**	**89.8**	**-**	**128.6**	**144.4**
Corporate	(8.1)	(8.8)	1.3	3.9	(6.8)	(4.9)
Continuing operations EBITDA	**30.7**	**135.6**	**91.1**	**3.9**	**121.8**	**139.5**
New Zealand	-	48.0	-	(1.7)	-	46.3
Commercial Vehicles	-	5.3	-	-	-	5.3
Manufacturing	-	0.5	-	-	-	0.5
Share of profits in Discontinued Associates	-	3.5	-	-	-	3.5
EBITDA(i)	**30.7**	**192.9**	**91.1**	**2.2**	**121.8**	**195.1**
Depreciation and amortisation expenses	(65.3)	(80.8)	1.0	(5.5)	(64.3)	(86.3)
EBIT(ii)	**(34.6)**	**112.1**	**92.1**	**(3.3)**	**57.5**	**108.8**
Net finance costs	(11.7)	(48.8)	-	6.4	(11.7)	(42.4)
Changes in fair value of derivative financial instruments	0.4	0.4	(0.4)	(0.4)	-	-
(Loss)/Profit Before Income Tax	**(45.9)**	**63.7**	**91.7**	**2.7**	**45.8**	**66.4**
Income tax benefit/(expense)	3.5	(18.8)	(18.2)	2.6	(14.7)	(16.2)
(Loss)/Profit Before Gain on sale of Divestments and After Income Tax	**(42.4)**	**44.9**	**73.5**	**5.3**	**31.1**	**50.2**
Gain on sale of Commercial Vehicles Group after items transferred from reserves and income tax	-	122.2	-	(122.2)	-	-
Gain on sale from disposal of NZ businesses after items transferred from reserves and income tax	9.0	-	(9.0)	-	-	-
(Loss)/Profit from Continuing Operations and Discontinued Operations After Income Tax	**(33.4)**	**167.1**	**64.5**	**(116.9)**	**31.1**	**50.2**
Attributable to:						
Ordinary Equity holders	(41.7)	158.6	64.5	(116.9)	22.8	41.7
Non-controlling interest	0.7	0.5	-	-	0.7	0.5
Step-up Preference Security holders	7.6	8.0	-	-	7.6	8.0
	(33.4)	**167.1**	**64.5**	**(116.9)**	**31.1**	**50.2**

1 The use of the term 'Statutory' refers to IFRS financial information and 'Underlying' to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011. Underlying adjustments have been considered in relation to their size and nature, and have been adjusted from the Statutory information, for disclosure purposes, to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments include transactions or costs that on their own or in combination with a number of similar transactions contribute to more than five percent of after tax profit. These include the financial effect of fair value changes, being the unrealised gains/(losses) arising from the mark-to-market on derivative financial instruments and the impact of asset revaluations (such as derivatives, financial instruments or property). These adjustments and the comparatives are assessed on a consistent basis year-on-year and include both favourable and unfavourable items. The exclusion of these items provides a result which, in the Directors' view, is more closely aligned with the ongoing operations of the Group. The non-IFRS information has been subject to review by the auditors.

2 Details of adjustments from Statutory to Underlying financial information are set out on page 6.

(i) EBITDA represents earnings before interest, income tax, and depreciation and amortisation expense.

(ii) EBIT represents earnings before interest and income tax expense.

The following table reconciles (Loss)/Profit from Continuing and Discontinued Operations After Income Tax (Attributable to Ordinary Equity Holders) to Underlying Profit After Income Tax (Attributable to Ordinary Equity Holders):

	NOTES	HALF-YEAR ENDED 2014 $'M	HALF-YEAR ENDED 2013 $'M
(Loss)/Profit From Continuing and Discontinued Operations After Income Tax (Attributable to Ordinary Equity Holders)		**(41.7)**	**158.6**
Underlying Adjustments to EBITDA:			
Costs associated with the fleet grounding	1	15.5	-
Costs associated with the Group transformation program	2	-	3.9
Net proceeds and costs from acquisition and disposal of investments	3	(1.9)	(1.7)
Impairment of assets	4	77.5	-
Total Underlying Adjustments to EBITDA		91.1	2.2
Underlying Adjustments to EBIT:			
Costs associated with the fleet grounding (depreciation)	1	1.0	-
Reversal of depreciation and amortisation expense for New Zealand	5	-	(5.5)
Total Underlying Adjustments to EBIT		1.0	(5.5)
Underlying Adjustments to Finance Costs:			
Write off of establishment costs associated with former debt facilities	6	-	6.4
Changes in fair value of derivative financial instruments	7	(0.4)	(0.4)
Total Underlying Adjustments to Finance Costs		(0.4)	6.0
Underlying Adjustments to Income Tax:			
Tax impacts of Underlying Adjustments to EBITDA, EBIT and finance costs	8	(18.2)	2.6
Total Underlying Adjustments to Income Tax		(18.2)	2.6
Gain on sale from disposal of Commercial Vehicles Group after items transferred from reserves and income tax	9	-	(122.2)
Gain on sale from disposal of NZ businesses after items transferred from reserves and income tax	10	(9.0)	-
Total Gain on Sale from Divestments		(9.0)	(122.2)
Underlying Profit After Income Tax (Attributable to Ordinary Equity Holders)		**22.8**	**41.7**

1 Relates to costs associated with the grounding of the Group's fleet as a result of a fatal accident. Lost revenue as a direct result of this incident of $2.1 million has not been recognised in the accounts as it was an opportunity cost.

2 Relates to costs associated with the implementation of the enterprise and finance transformation programmes in the prior financial year.

3 Relates to deferred settlement proceeds received from the sale of a business in 2013 partly offset by costs associated with the acquisition of the Melbourne Regional landfill business. Prior year relates to the net realised gain on disposal of a business unit in New Zealand.

4 Relates to impairment of plant and equipment and intangible assets. Refer to Note 4 in the Consolidated Financial Statements.

5 Relates to the reversal of the depreciation and amortisation expense from the date the New Zealand assets were classified as Assets Held for Sale.

6 Relates to the write off of establishment costs associated with the partial re-financing of debt facilities in November 2013.

7 Relates to changes in the mark-to-market valuation of derivative financial instruments.

8 Relates to the tax impacts on the Underlying Adjustments.

9 Relates to the gain on sale from disposal of Commercial Vehicles Group after items transferred from reserves and income tax.

10 Relates to a further gain on sale from disposal of the New Zealand business on 30 June 2014 as a result of the working capital adjustment.

Significant Changes in the State Of Affairs

Other than matters mentioned in this Report, no other significant changes in the state of affairs of the Group occurred since the commencement of the half-year under review.

Environmental Regulation

The Group's operations are subject to significant environmental regulation and the Group holds environmental licences for its sites.

The Group is committed to achieving the highest standards of environmental performance. There were no material breaches of environmental statutory requirements and no material prosecutions during the half-year under review.

The Group is registered under the National Greenhouse and Energy Reporting Act, under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities.

In addition, the Group's Australian operations has been required to comply with the Australian Federal Government's Clean Energy Act from 1 July 2012.

Subsequent Events

On 17 December 2014, the Group announced its intention to acquire the Melbourne Regional landfill business, including existing licences and permits from Boral Ltd. The transaction is subject to certain customary terms which are expected to be completed by 28 February 2015. On 17 February 2015, an extension to the syndicated bank facility of $200 million was finalised with the banks for this transaction.

On 18 August 2014, Transpacific granted approval to the Responsible Entity of the SPS Trust to redeem the SPS securities on 30 September 2014. The Trust was terminated on the 6 February 2015.

On 20 February 2015, the Company declared a fully franked dividend on ordinary shares for the half-year ended 31 December 2014 of 0.7 cents per share.

Other than the matters noted above, there has been no matter or circumstance that has arisen since the half-year that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years; or

(ii) the results of those operations in future financial years; or

(iii) the Group's state of affairs in future years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed this 20th day of February 2015 in accordance with a resolution of the Board of Directors.

M M Hudson	R C Boucher Jr
Chairman	Director

Melbourne, 20 February 2015

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of Transpacific Industries Group Ltd

In relation to our review of the financial report of Transpacific Industries Group Ltd for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Mike Reid
Partner
20 February 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2014

	NOTES	HALF-YEAR ENDED 31 DECEMBER 2014 $M	HALF-YEAR ENDED 31 DECEMBER 2013 $M
CONTINUING OPERATIONS			
Revenue from continuing operations	2(i)	689.5	726.9
Other gains or losses	2(ii)	13.2	1.1
Raw materials and inventory		(39.3)	(40.5)
Waste disposal and collection		(136.2)	(135.7)
Employee expenses		(267.7)	(277.7)
Depreciation and amortisation expenses		(65.3)	(70.0)
Repairs and maintenance		(44.8)	(42.8)
Fuel purchases		(24.1)	(29.0)
Leasing charges		(15.4)	(17.2)
Freight costs		(8.5)	(9.1)
Other expenses		(50.1)	(41.0)
Share of net profits of Associates		0.6	4.5
Net finance costs	3	(11.7)	(48.8)
Impairment of assets	4	(77.5)	-
Change in fair value of derivative financial instruments		0.4	0.4
(Loss)/Profit Before Income Tax		**(36.9)**	**21.1**
Income tax benefit/(expense)	5	3.5	(3.6)
(Loss)/Profit From Continuing Operations After Income Tax		**(33.4)**	**17.5**
DISCONTINUED OPERATIONS			
Profit for the period from Discontinued Operations	6	-	149.6
(Loss)/Profit For The Period From Continuing And Discontinued Operations after income tax		**(33.4)**	**167.1**
Attributable To:			
Ordinary Equity holders		(41.7)	158.6
Non-controlling interest		0.7	0.5
Step-up Preference Security holders		7.6	8.0
(Loss)/Profit For The Period From Continuing And Discontinued Operations after income tax		**(33.4)**	**167.1**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying Notes to the Half-Year Condensed Consolidated Financial Report set out on pages 14 to 25.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2014 (continued)

	NOTES	HALF-YEAR ENDED 31 DECEMBER 2014 $M	HALF-YEAR ENDED 31 DECEMBER 2013 $M
(Loss)/Profit From Continuing And Discontinued Operations After Income Tax		**(33.4)**	**167.1**
Other Comprehensive Income, Net Of Income Tax			
Items that may be reclassified subsequently to profit and loss:			
Cash flow hedges:			
Net (loss)/gain taken to equity (net of tax 2013:$0.9 million)		-	(11.5)
Net loss/(gain) transferred to profit and loss		-	6.5
Translation of foreign operation:			
Exchange differences taken to equity (nil tax effect)		-	69.9
Net Comprehensive Income Recognised Directly In Equity		**-**	**64.9**
Total Comprehensive Income For The Period		**(33.4)**	**232.0**
Attributable To:			
Ordinary Equity holders		(41.7)	223.5
Non-controlling interest		0.7	0.5
Step-up Preference Security holders		7.6	8.0
Total Comprehensive Income For The Period		**(33.4)**	**232.0**

Earnings Per Share For (Loss)/Profit Attributable To The Ordinary Equity Holders Of The Company From Continuing And Discontinued Operations:			
Basic earnings per share (cents per share)	13	(2.6)	10.0
Diluted earnings per share (cents per share)	13	(2.6)	10.0

Earnings Per Share For (Loss)/Profit Attributable To The Ordinary Equity Holders Of The Company From Continuing Operations:			
Basic earnings per share (cents per share)	13	(2.6)	0.6
Diluted earnings per share (cents per share)	13	(2.6)	0.6

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying Notes to the Half-Year Condensed Consolidated Financial Report set out on pages 14 to 25.

Consolidated Balance Sheet

As at 31 December 2014

	NOTES	31 DECEMBER 2014 $M	30 JUNE 2014 $M
ASSETS			
Current Assets			
Cash and cash equivalents		41.1	190.1
Trade and other receivables		214.8	233.3
Income tax receivable		9.0	-
Inventories		14.0	10.7
Derivative financial instruments		4.2	-
Other assets		12.6	11.7
Total Current Assets		**295.7**	**445.8**
Non-current Assets			
Investments accounted for using the equity method		11.5	12.1
Property, plant and equipment		778.2	822.0
Land held for sale		6.6	6.6
Intangible assets		1,237.8	1,272.0
Deferred tax assets		178.7	174.9
Total Non-current Assets		**2,212.8**	**2,287.6**
Total Assets		**2,508.5**	**2,733.4**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		170.7	175.4
Income tax payable		-	2.3
Borrowings		1.8	2.0
Derivative financial instruments		-	3.8
Employee benefits		38.7	41.8
Provisions		79.6	67.1
Other		2.1	2.2
Total Current Liabilities		**292.9**	**294.6**
Non-current Liabilities			
Borrowings	11	162.7	51.4
Employee benefits		8.8	9.3
Provisions		298.9	306.8
Other		-	12.6
Total Non-current Liabilities		**470.4**	**380.1**
Total Liabilities		**763.3**	**674.7**
Net Assets		**1,745.2**	**2,058.7**
EQUITY			
Issued capital	12	2,071.8	2,071.8
Reserves		35.7	33.9
Retained earnings		(370.7)	(305.3)
Parent entity interest		1,736.8	1,800.4
Non-controlling interest		8.4	8.5
Step-up Preference Security holders		-	249.8
Total Equity		**1,745.2**	**2,058.7**

The Consolidated Balance Sheet is to be read in conjunction with the accompanying Notes to the Half-Year Condensed Consolidated Financial Report set out on pages 14 to 25.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2014

	ORDINARY SHARES $M	ASSET REVALUATION RESERVE $M	WARRANT RESERVE $M	EMPLOYEE EQUITY BENEFITS RESERVE $M	CASH FLOW HEDGE RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	RETAINED EARNINGS $M	OWNERS OF THE PARENT $M	NON – CONTROLLING INTEREST $M	STEP UP PREFERENCE SECURITIES $M	TOTAL $M
At 30 June 2014	**2,071.8**	**29.8**	**-**	**4.1**	**-**	**-**	**(305.3)**	**1,800.4**	**8.5**	**249.8**	**2,058.7**
Profit for period	-	-	-	-	-	-	(41.7)	(41.7)	0.7	7.6	(33.4)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	-	-	(41.7)	(41.7)	0.7	7.6	(33.4)
Share based payment	-	-	-	1.8	-	-	-	1.8	-	-	1.8
Distribution to Step-up Preference Security holders	-	-	-	-	-	-	-	-	-	(7.6)	(7.6)
Redemption of Step-up Preference Securities	-	-	-	-	-	-	-	-	-	(249.8)	(249.8)
Dividend paid	-	-	-	-	-	-	(23.7)	(23.7)	-	-	(23.7)
Reduction in non-controlling interest	-	-	-	-	-	-	-	-	(0.8)	-	(0.8)
Balance At 31 December 2014	**2,071.8**	**29.8**	**-**	**5.9**	**-**	**-**	**(370.7)**	**1,736.8**	**8.4**	**-**	**1,745.2**
At 30 June 2013	**2,071.7**	**32.9**	**60.9**	**5.9**	**(6.7)**	**(28.4)**	**(385.4)**	**1,750.9**	**6.6**	**249.8**	**2,007.3**
Profit for period	-	-	-	-	-	-	158.6	158.6	0.5	8.0	167.1
Other comprehensive income	-	-	-	-	(5.0)	69.9	-	64.9	-	-	64.9
Total comprehensive income for the half-year	-	-	-	-	(5.0)	69.9	158.6	223.5	0.5	8.0	232.0
Share based payment	-	-	-	(0.2)	-	-	-	(0.2)	-	-	(0.2)
Distribution to Step-up Preference Security holders	-	-	-	-	-	-	-	-	-	(8.0)	(8.0)
Balance At 31 December 2013	**2,071.7**	**32.9**	**60.9**	**5.7**	**(11.7)**	**41.5**	**(226.8)**	**1,974.2**	**7.1**	**249.8**	**2,231.1**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying Notes to the Half-Year Condensed Consolidated Financial Report set out on pages 14 to 25.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2014

	HALF-YEAR ENDED 31 DECEMBER 2014 $M	HALF-YEAR ENDED 31 DECEMBER 2013 $M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	690.9	1,090.7
Payments to suppliers and employees	(594.8)	(948.7)
Interest received	1.7	1.3
Interest paid	(4.9)	(39.2)
Income taxes paid	(11.2)	(14.4)
Net Cash From Operating Activities	**81.7**	**89.7**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(74.4)	(71.5)
Proceeds from disposal of investments	16.3	235.3
Proceeds from disposal of property, plant and equipment	4.5	9.1
Dividends received from Associates	1.2	5.1
Net Cash From /(Used In) Investing Activities	**(52.4)**	**178.0**
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to Step-up Preference Securities	(7.6)	(8.0)
Redemption of Step-up Preference Securities	(250.0)	-
Payment of dividend to ordinary shareholders	(23.7)	-
Proceeds from bank loans	115.0	-
Repayment of bank loans	(10.0)	(219.0)
Payment of debt and equity costs	(2.0)	-
Repayment of interest rate hedges	-	(25.9)
Repayment of finance lease liabilities	-	(20.8)
Repayment of loans to/from related parties	-	(0.2)
Net Cash Used In Financing Activities	**(178.3)**	**(273.9)**
Net Decrease In Cash And Cash Equivalents	(149.0)	(6.2)
Cash and cash equivalents at the beginning of the half-year	190.1	76.2
Effects of exchange rate changes on cash	-	1.7
Cash And Cash Equivalents At The End Of The Half-Year	**41.1**	**71.7**

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Half-Year Condensed Consolidated Financial Report set out on pages 14 to 25.

1. Summary of Significant Accounting Policies

Statement of Compliance

This Half-Year Consolidated Financial Report has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The Half-Year Consolidated Financial Report does not include notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full Consolidated Financial Report. It is recommended that the Half-Year Consolidated Financial Report be read in conjunction with the most recent Annual Financial Report. It is also recommended that the Half-Year Financial Report be considered together with any public announcements made by the Group during the half-year ended 31 December 2014 in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

Basis of Preparation

The accounting policies applied in these interim Consolidated Financial Statements are consistent with those set out and applied in the Group's Annual Financial Report for the year to 30 June 2014, except for the adoption of new standards and amendments to existing standards noted below, which had no impact on the measurement of the results or financial position of the Group. Prior year comparatives have been adjusted to comply with current year presentation where appropriate.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period.

New and revised Standards, amendments thereof and Interpretations effective for the current half-year and relevant to the Group include:

- AASB 132 *Financial Instruments - Disclosure* and AASB 2012-3 *Amendments to Australian Accounting Standards* – clarifies the offsetting rules of financial assets and financial liabilities in the statement of financial position;
- AASB 136 *Impairment of Assets* and AASB 2013-3 *Amendments to Australian Accounting Standards* – entities are only required to disclose recoverable amount of a cash-generating unit that has significant amounts of goodwill and intangibles with indefinite useful lives when there has been an impairment loss and increases disclosure for recoverable amounts determined based on fair value;
- AASB 1031 *Materiality* - interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality; and
- Interpretation 21 *Levies* - addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The adoption of new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior half-year.

2. Revenue

	HALF-YEAR ENDED 31 DECEMBER 2014 $M	HALF-YEAR ENDED 31 DECEMBER 2013 $M
(I) REVENUE		
Sale of goods and rendering of services	678.5	713.6
Product Stewardship Oil benefits	7.7	8.1
Other revenue	3.3	5.2
Total Revenue	**689.5**	**726.9**
(II) OTHER GAINS OR LOSSES		
Gain on disposal of investments	12.0	-
Gain on disposal of property, plant and equipment	1.1	1.1
Foreign currency exchange gains (net)	0.1	-
Total Other Gains Or Losses	**13.2**	**1.1**

3. Net Finance Costs

	HALF-YEAR ENDED 31 DECEMBER 2014 $M	HALF-YEAR ENDED 31 DECEMBER 2013 $M
FINANCE COSTS		
Interest on bank overdrafts and loans and obligations under finance leases	(6.0)	(37.0)
Amortisation of deferred borrowing costs	(0.5)	(4.2)
Unwinding of discounts on landfill remediation provisions	(6.9)	(2.5)
Write off of establishment costs associated with former debt facilities	-	(6.4)
	(13.4)	**(50.1)**
FINANCE INCOME		
Interest revenue	1.7	1.3
	1.7	**1.3**
Net Finance Costs	**(11.7)**	**(48.8)**

4. Impairment of Assets

	HALF-YEAR ENDED 31 DECEMBER 2014 $M	HALF-YEAR ENDED 31 DECEMBER 2013 $M
Impairment of intangible assets	34.1	-
Impairment of plant and equipment	43.4	-
	77.5	**-**

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing. In accordance with the Group's accounting policies, the Group performs its goodwill impairment testing annually at 30 June. Goodwill and other non-current assets are however reviewed at each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal review is undertaken to determine the estimate of the recoverable amount based on value-in-use calculations.

Management determined that general indicators existed and accordingly impairment testing was undertaken. The results of the impairment testing highlighted that there was impairment in the Hydrocarbons CGU.

Hydrocarbons CGU (within Industrials)

The Hydrocarbons CGU was experiencing increased collection costs and sales price indices for fuel and base oils declining, which all led to a significant decline in results for the Hydrocarbon business.

The CGU's value in use calculations or projected cash flows were updated to reflect the revised five year plan which has factored in reduced volumes, a decline in fuel and base oil selling prices and forecast capex spend. The growth rate estimated for years 1-5 was negative 4.2% (30 June 2014: positive 2.4%), with cash flows beyond the five-year period (terminal growth rate) using a 1.0% growth rate (30 June 2014: 2.0%). A post-tax discount rate of 7.7% (30 June 2014: 7.8%) was also applied.

As a result of this analysis, management has recognised an impairment charge of $77.5 million in the profit and loss. The impairment charge has been taken firstly against goodwill in the CGU and then the remainder against plant & equipment. On the basis that this CGU has been impaired at 31 December 2014, any reasonably possible negative change in assumptions could result in further impairment.

Cleanaway (CGU Group)

Cleanaway has significant intangible assets and indefinite life intangibles.

	31 DECEMBER 2014 $M	30 JUNE 2014 $M
Intangible assets	1,052.7	1,052.8
Indefinite life intangible assets	78.6	78.6
	1,131.3	**1,131.4**

4. Impairment of Assets (continued)

The significant assumptions used in the projected cash flows for the value in use calculation (recoverable amount) are listed below:

	31 DECEMBER 2014	30 JUNE 2014	COMMENT
Discount rate	7.7%	7.8%	Discount rate is post tax for asset with comparable risk profiles. The discount rate has been based on an industry Weighted Average Cost of Capital ("WACC")
Nominal EBITDA growth – years 1 to 5 (terminal value)	2.7%	3.5%	Based on five year financial plan submitted to the Board
Nominal growth rate beyond five years plan	3.0%	3.5%	Based on forecast CPI, GDP and other macro-economic factors
Capital expenditures	Forecast	Forecast	Based on five year financial plan submitted to the Board

Whilst there was no impairment in Cleanaway, any reasonably possible negative change in the above assumptions could result in an impairment.

5. Income Tax

NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX NET PROFIT

	HALF-YEAR ENDED 31 DECEMBER 2014 $M	HALF-YEAR ENDED 31 DECEMBER 2013 $M
(Loss)/Profit before tax:		
From Continuing Operations	(36.9)	21.1
From Discontinued Operations and gross gain on disposal	-	176.2
	(36.9)	197.3
Income tax using the domestic corporation tax rate of 30% (2013:30%)	(11.1)	59.2
Increase/(decrease) in income tax expense due to:		
Share of Associates' net profits	(0.1)	(0.1)
Non-deductible expenses/non-assessable income	0.1	0.2
Impairment write downs	10.2	-
Effect of tax losses no longer recognised	0.7	-
Gain on disposal of investments	(3.6)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(0.6)
Utilisation of previously not recognised capital losses against the gain on disposal of the Commercial Vehicles Group	-	(28.6)
Other	0.3	0.1
Income Tax (Benefit) / Expense	(3.5)	30.2
Comprises:		
Income tax (benefit)/expense from Continuing Operations	(3.5)	3.6
Income tax expense from Discontinued Operations and gain on disposal	-	26.6
Income Tax (Benefit) / Expense	**(3.5)**	**30.2**

6. Discontinued Operations and Disposals

During the half-year ended 31 December 2013, the Group classified two segments, being Commercial Vehicles Group and New Zealand, as Discontinued Operations.

The Commercial Vehicles Group was sold on 30 August 2013 to Penske Automotive Group, Inc.

The New Zealand business was sold to the Beijing Capital Group on 30 June 2014. During the half-year ended 31 December 2014 the Group received a final payment for a working capital price adjustment of $9.0 million, increasing the gain on sale disclosed at 30 June 2014 to $50.1 million.

7. Segment Information

The Group has identified its operating segments on the basis of how the chief operating decision maker reviews the internal reports about the components of the Group in order to assess the performance of and allocation of resources to the segment. Information reported to the Group's Chief Executive Officer (Chief Operating Decision Maker) for the purpose of performance assessment and resource allocation is specifically focused on the following reportable segments:

Cleanaway

- Comprises the collection, treatment, recycle and disposal of all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services. Cleanaway owns and manages waste transfer stations, resource recovery and recycling facilities, secure product destruction, quarantine treatment operations and landfills and participates in commodities trading of recovered paper, cardboard, metals and plastics to the domestic and international marketplace in order to achieve this end to end service.

Industrials

- Comprises the collection, treatment, processing and recycling of liquid and hazardous waste, including industrial waste, grease trap waste, oily waters and used mineral and cooking oils in packaged and bulk forms for resale, disposal and to produce fuel oils and base oils, as well as services including industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, CCTV, corrosion protection and emergency response services.

Associates

- Represents the share of profits from associates in the Group.

Corporate

- Shared Services functions that are not directly attributable to other identifiable segments. These functions include management, finance, legal, information technology, marketing and human resources that provide support to the other segments identified above.

No operating segments have been aggregated to form the above reportable segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group has the following allocation policies:

- Sales between segments are on normal commercial terms; and
- Corporate charges are allocated where possible based on estimated usage of Corporate resources.

Segment assets and liabilities have not been disclosed as these are not provided to the Chief Operating Decision Maker. This information is provided at a Group level only.

Finance income and expenses and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Intra-segment and inter-segment revenues are eliminated on consolidation.

7. Segment Information (continued)

HALF-YEAR ENDED 31 DECEMBER 2014	CLEANAWAY $M	INDUSTRIALS $M	ASSOCIATES $M	CORPORATE $M	GROUP $M
Revenue					
Sales of goods and services – external	456.3	221.4		0.8	678.5
Inter-segment sales	37.2	49.4		-	86.6
Total Sales Revenue	493.5	270.8		0.8	765.1
Other revenue	2.1	8.2		0.7	11.0
Total Segment Revenue	495.6	279.0		1.5	776.1
Inter-segment elimination					(86.6)
Total Revenue					**689.5**
Underlying EBITDA:	**96.2**	**31.8**	**0.6**	**(6.8)**	**121.8**
Underlying Adjustments to EBITDA	(6.7)	(83.1)	-	(1.3)	(91.1)
Underlying Adjustments to EBIT	(0.6)	(0.4)	-	-	(1.0)
Depreciation and amortisation expense	(45.7)	(14.8)	-	(3.8)	(64.3)
EBIT	**43.2**	**(66.5)**	**0.6**	**(11.9)**	**(34.6)**
Changes in fair value of derivative financial instruments					0.4
Net finance costs					(11.7)
(Loss)/Profit From Continuing Operations Before Income Tax					**(45.9)**
Income tax benefit					3.5
(Loss)/Profit From Continuing Operations After Income Tax					**(42.4)**
Net profit from Discontinued Operations after Income Tax					9.0
(Loss)/Profit From Continuing and Discontinued Operations After Income Tax					**(33.4)**
Acquisition of property, plant and equipment	35.4	22.9	-	16.1	74.4

7. Segment Information (continued)

HALF-YEAR ENDED 31 DECEMBER 2013	CLEANAWAY $M	INDUSTRIALS $M	NEW ZEALAND[2] $M	COMMERCIAL VEHICLES[1] $M	MANUFACT-URING[3] $M	ASSOCIATES $M	CORPORATE $M	GROUP $M
Revenue								
Sales of goods and services – external	467.7	238.8	199.2	75.7	7.1		-	988.5
Inter-segment sales	39.5	45.9	4.0	0.7	5.1		2.5	97.7
Total Sales Revenue	507.2	284.7	203.2	76.4	12.2		2.5	1,086.2
Other revenue	2.3	10.6	1.0	0.2	0.1		0.3	14.5
Total Segment Revenue	509.5	295.3	204.2	76.6	12.3		2.8	1,100.7
Inter-segment elimination								(97.7)
Total Revenue								**1,003.0**
Underlying EBITDA:	**98.6**	**44.8**	**46.3**	**5.3**	**0.5**	**4.5**	**(4.9)**	**195.1**
Underlying Adjustments to EBITDA as disclosed on page 6 of this Report	-	-	1.7	-	-	-	(3.9)	(2.2)
Underlying Adjustments to EBIT as disclosed on page 6 of this Report	-	-	5.5	-	-	-	-	5.5
Depreciation and amortisation expense	(47.8)	(14.5)	(16.0)	(0.2)	-	-	(7.8)	(86.3)
EBIT	**50.8**	**30.3**	**37.5**	**5.1**	**0.5**	**4.5**	**(16.6)**	**112.1**
Changes in fair value of derivative financial instruments								0.4
Net finance costs (Note 3)								(48.8)
Adjust for profit for the period from Discontinued Operations								(42.6)
Profit From Continuing Operations Before Income Tax								**21.1**
Income tax expense								(3.6)
Profit From Continuing Operations After Income Tax								**17.5**
Net profit from Discontinued Operations after Income tax								149.6
Profit From Continuing And Discontinued Operations After Income Tax								**167.1**
Acquisition of property, plant and equipment	37.3	14.0	15.6	0.3	-	-	4.3	**71.5**

[1] Effective 31 August 2013, the Commercial Vehicles reportable segment was dissolved due to the sale of the Commercial Vehicles business. Refer to Note 6.

[2] Effective 30 June 2014, the New Zealand reportable segment was dissolved due to the sale of the New Zealand business. Refer to Note 6.

[3] Effective 30 June 2014, the Manufacturing reportable segment was dissolved due to the sale of the business.

8. Dividends And Distributions

	HALF-YEAR ENDED 31 DECEMBER 2014		HALF-YEAR ENDED 31 DECEMBER 2013	
RECOGNISED (PAID AMOUNTS)	AMOUNT PER SHARE	TOTAL $M	AMOUNT PER SHARE	TOTAL $M
FULLY PAID ORDINARY SHARES				
Final Dividend	1.5c	23.7	0.0c	-
STEP-UP PREFERENCE SECURITIES				
Period ended 30 September	$3.05	7.6	$3.18	8.0
UNRECOGNISED (PROPOSED AMOUNTS)				
FULLY PAID ORDINARY SHARES				
Interim Dividend	0.7c	11.1	0.0c	-
STEP-UP PREFERENCE SECURITIES				
Period ending 31 March	$0.00	-	$2.99	7.5

The Company has determined to pay an interim dividend to Ordinary Shareholders of 0.7 cents per share.

9. Business Combinations and Disposals

During the half-year, the Group acquired the remaining 49% share of Transpacific Environmental Services Pty Ltd. The transaction is not considered to be material to the Group.

10. Commitments and Contingencies

TAXATION AUTHORITY REVIEWS

The Group remains responsible for the New Zealand Taxation Authority review of particular aspects of the Group's tax position which have arisen during the period of the Group's ownership of the New Zealand business. While assessments have been issued in respect of some aspects of this review, no amounts of tax are currently payable by the Group, as they are subject to challenge in the New Zealand courts. The review process is ongoing and at this time it is too early to identify the outcomes and related adjustments that may arise, if any. It may be some time before the courts and the New Zealand Taxation Authority processes are concluded, as the review awaits the outcome of related cases involving other taxpayers in the New Zealand court system.

OTHER CLAIMS

Certain companies within the Group are party to various legal actions or commercial disputes or negotiations that have arisen in the normal course of business. It is expected that any liabilities or assets arising from these legal actions would not have a material effect on the Group.

There have been no material changes to the commitments, contingent liabilities or contingent assets of the Group subsequent to the half-year ended 31 December 2014.

11. Borrowing

On 1 July 2014, the Group refinanced its syndicated bank facility by establishing a new $400 million syndicated bank facility. Interest rates are variable under the syndicated facility agreement.

The facility limits and maturity profile of the Group's main financing facilities are as follows:

FACILITY		*AMOUNT*	*MATURITY*
Syndicated Facility Agreement - Facility A	2 year tranche	$135 million	1 July 2016
- Facility B	4 year revolver	$130 million	1 July 2018
- Facility C	5 year revolver	$135 million	1 July 2019
US Private Placement Notes	10 year tenure	US$48 million	December 2017

12. Issued Capital

ISSUED CAPITAL	31 DECEMBER 2014 $M	30 JUNE 2014 $M
Ordinary Shares – issued and fully paid	2,071.8	2,071.8
	2,071.8	**2,071.8**

MOVEMENTS IN ORDINARY SHARES ON ISSUE	NO. OF SHARES	$M
At 1 July 2014	1,579,323,967	2,071.8
Issue of shares under the Company's employee incentive plan	324,811	-
Balance at 31 December 2014	**1,579,648,778**	**2,071.8**

13. Earnings Per Share

	31 DECEMBER 2014	31 DECEMBER 2013
Calculated in accordance with AASB 133:		
From Continuing Operations:		
Basic earnings per share (cents per share)	(2.6)	0.6
Diluted earnings per share (cents per share)	(2.6)	0.6
From Discontinued Operations:		
Basic earnings per share (cents per share)	-	9.4
Diluted earnings per share (cents per share)	-	9.4
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,579,468,656	1,578,563,490
Effect of performance rights on issue	-	-
Weighted Average Number Of Ordinary Shares Used As The Denominator In Calculating Diluted Earnings Per Share	**1,579,468,656**	**1,578,563,490**

14. Asset and Liabilities Measured at Fair Value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classed within the fair value hierarchy on the basis of nature, characteristics and risks and described as follows and based on the lower level of input that is significant to the fair value measurement as a whole.

Level 1 – the fair value is calculated using prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset of liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

ASSETS

Non landfill land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation of buildings. Level 2 valuations are based on a direct comparison approach whereby a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square metre (sqm).

14. Asset and Liabilities Measured at Fair Value (continued)

The following table presents the details of the valuation approaches used under Level 3:

	Valuation technique	Key unobservable inputs	Range (Weighted average)
Regional Industrial	Summation	Price per square metre	$60-250
		Depreciation replacement cost	$0-1500
	Capitalisation	Capitalisation rate	9.25%
		Leased income per square metre	$75-130
	Direct Comparison	Price per square metre	$70-525
Metropolitan Industrial	Summation	Price per square metre	$15-285
		Depreciation replacement cost	$0-1500
	Capitalisation	Capitalisation rate	7.25%-10%
		Leased income per square metre	$95-225
	Direct Comparison	Price per square metre	$300-1400

Under the summation method a property's fair value is estimated based on comparable transactions for the land on a price per square metre basis together with an estimate of the cost to replace any buildings or structures on site less depreciation.

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating lease income generated by the property, which is divided by the capitalisation rate (discounted by a rate of return).

Significant increases (decreases) in any of the significant unobservable inputs, in isolation, under the direct comparison, summation or capitalisation methods would result in a significantly higher (lower) fair value measurement.

LIABILITIES

The Group enters into interest rate swaps and currency rate swaps with financial institutions with investment grade credit ratings. These derivatives are valued using techniques with market observable inputs. The valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. The changes in counterparty credit risk and the Group's own non-performance risk did not have a material effect on fair value.

The carrying value of financial assets and financial liabilities approximate their fair value. The value of financial assets and financial liabilities measured at fair value are summarised in the table below:

31 DECEMBER 2014	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
ASSETS				
Land and building:				
Residential	-	1.7	-	1.7
Regional Industrial	-	-	40.4	40.4
Metropolitan Industrial	-	-	108.3	108.3
	-	1.7	148.7	150.4
Derivative financial instruments:				
Interest rate swaps	-	4.2	-	4.2

14. Asset and Liabilities Measured at Fair Value (continued)

30 JUNE 2014	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
ASSETS				
Land and building:				
Residential	-	1.7	-	1.7
Regional Industrial	-	-	40.4	40.4
Metropolitan Industrial	-	-	108.3	108.3
	-	1.7	148.7	150.4
LIABILITIES				
Derivative financial instruments:				
Interest rate swaps	-	3.8	-	3.8

There were no transfers between Levels during the period.

15. Subsequent Events

On 17 December 2014, the Group announced its intention to acquire the Melbourne Regional landfill business, including existing licences and permits from Boral Ltd. The transaction is subject to certain customary terms which are expected to be completed by 28 February 2015. On 17 February 2015, an extension to the syndicated bank facility of $200 million was finalised with the banks for this transaction.

On 18 August 2014, Transpacific granted approval to the Responsible Entity of the SPS Trust to redeem the SPS securities on 30 September 2014. The Trust was terminated on the 6 February 2015.

On 20 February 2015, the Company declared a fully franked dividend on ordinary shares for the half-year ended 31 December 2014 of 0.7 cents per share.

Other than the matters noted above, there has been no matter or circumstance that has arisen since the half-year that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years; or

(ii) the results of those operations in future financial years; or

(iii) the Group's state of affairs in future years.

Directors' Declaration

In the Directors' opinion:

(a) the Consolidated Financial Statements and Notes of the Group are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

M M Hudson
Chairman

R C Boucher Jr
Director

Melbourne, 20 February 2015

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent review report to members of Transpacific Industries Group Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Transpacific Industries Group Ltd, which comprises the consolidated balance sheet as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Transpacific Industries Group Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Transpacific Industries Group Ltd is not in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Mike Reid
Partner
Brisbane
20 February 2015