understand innovate tma deliver commit
Freecall: 1800 222 879
Office: +61 2 9892 9999
Facsimile: +61 2 9892 9900
www.tmagroup.com.au
email: info@tmagroup.com.au

TMA Group of Companies Limited

(ABN 66 006 627 087)

ASX Code: TMA

Appendix 4D – Half Year Report

For the Half Year

Ended 31 December 2010

TMA Group of Companies Limited
Results for Announcement to The Market
For the Half Year Ended ('current period') 31 December 2010
('previous corresponding period' 31 December 2009)

Revenue and Net Profit/(Loss)				
		Percentage Change %	**Current Period Amount $'000**	**Previous Corresponding Period Amount $'000**
Revenue from continuing operations	Up	6	30,659	28,849
Profit from continuing operations after tax attributable to members	Down	8	1,405	1,520
Profit attributable to members	Down	8	1,405	1,520

Dividends (Distributions)		
	Amount per security	**Franked amount per security**
Final dividend	Nil ¢	Nil ¢
Interim dividend - Ordinary Shares - Preference Shares (cents)	Nil ¢ 0.81 ¢	Nil ¢ 0.24 ¢
Record date for determining entitlements to the dividend: Final dividend Interim dividend	N/A N/A	

Earnings per Ordinary Fully Paid Share (EPS)	**Current Period**	**Previous Corresponding Period**
Basic EPS - cents per share	1.199	1.297
Diluted EPS- cents per share	1.199	1.297

NTA Backing	**Current Period**	**Previous Corresponding Period**
Net tangible assets backing per ordinary security – cents per share	1.396	1.356

Brief explanation of the figure reported above:

In the first half of the year sales have grown by 6% on top of last year's growth rate of 23%. The successful integration of last year's acquisition and the ongoing continual improvement programmes in all divisions of the organisation has resulted in significant synergistic cost reductions which has lifted the Profit before tax ratio from 7.7% to 9.8% when compared to the previous corresponding period.

Net assets are $20.4 mil, up from $17.6 mil, representing an increase of 16%.

Managing Director's Report

OUR COMPANY

Half year results

The results of the first 6 months for both periods of TMA Group of Companies Limited were:

Half Year to	31 December 2010	% of Sales	31 December 2009	% of Sales	% 09 to 10 Movement
	$'000		$'000		
Sales	30,659		28,849		+ 6%
EBITDA	3,973	13.0%	3,265	11.3%	+ 22%
EBIT	3,184	10.4%	2,402	8.3%	+ 33%
Profit before tax	2,999	9.8%	2,207	7.7%	+ 36%
Tax	1,472	4.8%	687	2.4%	+114%
Profit after tax attributable to members	1,405	4.6%	1,520	5.3%	-8%

Commentary on the results

Profit before tax (PBT) is up by 36% on the first half of last year and the ratio of PBT to sales has lifted to 9.8%, from 7.7% for the corresponding period in the prior year.

Sales growth for the first half was 6%, on top of the 23% growth achieved in the last financial year. The successful acquisitions, integration and the ongoing continual improvement programme in all divisions of the organisation have enabled the Group to deliver savings through increased efficiencies and will continue into the future.

The Group's acquisitions continue to perform well and deliver the financial results modelled and forecasted during due diligence. These acquisitions have changed our assessment of our ability to satisfy the same business test for purposes of claiming a deduction for prior year losses, and ultimately our ability to utilise the carried forward tax assets of $382(000's) which we have expensed in this period. The one off increased tax expense in this financial period has resulted in reduced earnings per share. The impact on the net result for the period is 0.326 cents per share, giving a normalised EPS of 1.525 for the half year or an increase of 18% compared to previous financial year.

Sales growth in Converting in Australia/New Zealand continues to be strong, realising 11% organic growth over the same period last year and 18% growth including acquisitions. The whole group achieved a 36% improvement on profit before tax (PBT) over the same period last year. Technology achieved an organic growth rate of 26% over the same period last year.

China's result is in line with expectation as the implementation of the China Transformation Strategy continues. The China business is currently in the process of commissioning new print capacity that will provide key integration with our Thermal Coating Plant which is expected to provide a significant lift in earnings.

Managing Directors' Report (cont'd)

The previously announced infringement notice contract win has resulted in additional business for our Chinese operations, and impact of the new equipment as well as the increased business activity is anticipated to gain momentum in the 2nd half of the financial year, with full materialisation in FY11.

We anticipate that growth in the second half of this year will continue across all divisions. A current estimate of full year revenue is $65 Mil to $70 Mil.

Our primary focus continues to be on growing the organisation both organically and through acquisitions with further volume and synergy benefits expected.

The half year's results demonstrate our achievements of increased sales and profitability (PBT) thus far and provide the business with a strong platform for continuing growth in both revenue and profitability.

Our People

Again I would like to also acknowledge and thank our people. Their contribution to the success of the Group continues to be of the highest level of commitment and delivery.

Future developments

Research and Development continues to be at the heart of the Group. There have been a number of significant milestones achieved by the organisation in the first six months with the future holding the delivery and conversion of these opportunities for our shareholders.

For further information please contact either Michael Whelan or myself at TMA Group of Companies Limited on + 61 2 9892 9999.

Yours sincerely,

Anthony Karam

Managing Director
Sydney, 28 February 2011

Directors' Report

The Directors of TMA Group of Companies Limited submit herewith the financial report of TMA Group of Companies Limited and its subsidiaries (the Group) for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name
Michael Whelan (Non-executive Chairman)
Anthony Karam (Managing Director)
Corriene Karam (Executive Director)
Tony Saad (Non-executive Director)
James Schwarz (Non-executive Director)

The above named directors held office during and since the end of the half-year.

Review of operations

The Group reports consolidated profit before income tax of $2,999 ('000) (2009: $2,318 ('000)) from sales of $30,659 ('000) (2009: $28,849 ('000)) for the half year ended 31 December 2010.

The consolidated entity's principal activities in the course of the financial period were the manufacture and sale of plain and coated paper and film products, including tickets, tags, labels receipt rolls etc. for a wide range of markets, including food, entertainment, transport, wagering, medical and banking, and the research and development of thermal and security coatings for paper and film products.

During the financial period the Group successfully acquired Premier Business Forms NZ Ltd and Solstice Marketing Services Ltd (Premier) on 1 October 2010. Other than the impact of the acquisitions, there was no significant change in the nature of the Group's activities.

The Australian and New Zealand revenues and profit continue to remain strong. These markets also provide excellent opportunities for organic and acquisition growth.

China's result is in line with expectation as the implementation of the China Transformation Strategy continues. The China business is in the process of commissioning new print capacity that will provide key integration with our Thermal Coating Plant which is expected to provide a significant lift in earnings.

The half year's results continue to demonstrate our achievements of increased sales and profitability (PBT) thus far and position the business with a strong platform for continuing growth in both revenue and profitability.

Directors' Report (cont'd)

Auditor's Independence Declaration

The lead auditor's independence declaration under s.307C of the Corporations Act 2001 is included on page 7 of the half-year report.

Change of Company name

The Company changed its name on 2 December 2009 from Mark Sensing Limited to TMA Group of Companies Limited, in line with the approval given by shareholders at our AGM on 30 November 2009.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

Michael Whelan

Director

Sydney, 28 February 2011

28 February 2011

The Board of Directors
TMA Group of Companies Limited
6 Straits Avenue,
Granville NSW 2142

Dear Directors,

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of TMA Group of Companies Limited.

As lead audit partner for the review of the financial statements of TMA Group of Companies Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of TMA Group of Companies Limited and the entities it controlled during the period.

Yours sincerely,

HILL ROGERS SPENCER STEER
ASSURANCE PARTNERS

Chartered Accountants

XAVIER M UGARTE
Partner

Sydney

Dated this 28th day of February 2011

Assurance Partners

T. +61 2 9232 5111
F. +61 2 9233 7950
Level 5, 1 Chifley Square
Sydney NSW 2000 Australia
GPO Box 7066
Sydney NSW 2001
www.hr-ss.com.au
info@hr-ss.com.au
Practising as Hill Rogers Spencer Steer Assurance Partners
ABN 56 435 338 966

Independent Auditor's Review Report to the Members of TMA Group of Companies Limited

Review Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of TMA Group of Companies Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2010, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other selected explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such controls as the directors determine 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 Interim and Other Financial Reports 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 half-year 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 2010 and its performance for the half-year ended on that date and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of TMA Group of Companies Limited, 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*.

Assurance Partners

T. +61 2 9232 5111
F. +61 2 9233 7950
Level 5, 1 Chifley Square
Sydney NSW 2000 Australia
GPO Box 7066
Sydney NSW 2001
www.hr-ss.com.au
info@hr-ss.com.au
Practising as Hill Rogers Spencer Steer Assurance Partners
ABN 56 435 338 966

Hill Rogers Spencer Steer

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 TMA Group of Companies Limited 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 2010 and of its performance for the half-year ended on that date; and

- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HILL ROGERS SPENCER STEER
ASSURANCE PARTNERS
Chartered Accountants

XAVIER M UGARTE
Partner

Dated this 28th day of February 2011

Sydney

Directors' Declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Michael Whelan
Chairman
Sydney, 28 February 2011

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2010

	Consolidated	
	Half-year ended 31 Dec 2010 $'000	Half-year ended 31 Dec 2009 $'000
Continuing operations		
Revenue from sale of goods	30,659	28,849
Cost of sales	(21,025)	(20,760)
Gross profit	9,634	8,089
Other revenue	7	11
Share of profits of associates and jointly controlled entities accounted for using the equity method	17	98
Marketing and administration expenses	(6,474)	(5,554)
Finance costs	(185)	(326)
Profit before tax	2,999	2,318
Income tax (expense)	(1,472)	(720)
Profit for the period from continuing operations	1,527	1,598
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(174)	(111)
Income tax relating to components of comprehensive income	52	33
Total comprehensive income for the period	1,405	1,520
Profit for the period attributable to members of the parent entity	1,405	1,520
Earnings per share		
From continuing operations		
Basic (cents per share)	1.199	1.297
Diluted (cents per share)	1.199	1.297

Notes to the condensed consolidated financial statements are included on pages 15 to 19.

Condensed consolidated statement of financial position as at 31 December 2010

	Note	Consolidated 31 December 2010 $'000	30 June 2010 $'000
Current assets			
Cash and cash equivalents		2,266	3,738
Trade and other receivables		13,573	13,954
Inventories		11,664	8,937
Current tax assets		-	183
Other		1,077	693
Total current assets		28,580	27,505
Non-current assets			
Investments accounted for using the equity method	2	179	382
Property, plant and equipment		10,658	9,726
Deferred tax assets		674	1,337
Other intangible assets		4,103	1,867
Total non-current assets		15,614	13,312
Total assets		44,194	40,817
Current liabilities			
Trade and other payables		10,334	10,762
Current tax liabilities		1,727	1,319
Borrowings		1,348	6,267
Provisions		1,449	1,039
Total current liabilities		14,858	19,387
Non-current liabilities			
Borrowings		7,644	518
Deferred tax liabilities		693	687
Provisions		551	1,063
Total non-current liabilities		8,888	2,268
Total liabilities		23,746	21,655
Net assets		20,448	19,162
Equity			
Issued capital		6,111	6,111
Reserves		6,286	6,408
Retained earnings		8,051	6,643
Total equity		20,448	19,162

Notes to the condensed consolidated financial statements are included on pages 15 to 19.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2010

	Share capital $'000	Reserves $'000	Accumulated Profit/(Losses) $'000	Total $'000
Balance at 1 July 2009	3,234	6,292	3,708	13,234
Exchange differences arising on translation of foreign operations	-	(45)	-	(45)
Profit for the period	-	-	1,520	1,520
Sub -total	-	(45)	1,520	1,475
Recognition of share-based payments	677	-	-	677
Issue of non participating preference shares	2,200	-	-	2,200
Capital loss on acquisition	-	(16)	-	(16)
Retained earnings on acquisition	-	-	16	16
Balance at 31 December 2009	6,111	6,231	5,244	17,586
Balance at 1 July 2010	6,111	6,408	6,643	19,162
Total other comprehensive income for the period	-	(122)	-	(122)
Profit for the period	-	-	1,527	1,527
Sub -total	-	(122)	1,527	1,405
Dividends provided	-	-	(119)	(119)
Balance at 31 December 2010	6,111	6,286	8,051	20,448

Notes to the condensed consolidated financial statements are included on pages 15 to 19.

Condensed consolidated statement of cash flow for the half-year ended 31 December 2010

	Note	Consolidated Half-year ended 31 Dec 2010 $'000	Consolidated Half-year ended 31 Dec 2009 $'000
Cash flows from operating activities			
Receipts from customers		31,040	26,845
Payments to suppliers and employees		(30,895)	(26,305)
Interest and other costs of finance paid		(185)	(327)
Net cash (used in)/provided by operating activities		(40)	213
Cash flows from investing activities			
Interest received		-	10
Dividends received		220	65
Payment for property, plant and equipment		(721)	(370)
Proceeds from sale of property, plant and equipment		(21)	69
Payment for net tangible assets	8	(1,741)	(1,484)
Payment for goodwill	8	(941)	(497)
Net cash used in investing activities		(3,204)	(2,207)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	2,877
Repayment of loan to related party		-	(2,200)
Proceeds from borrowings		2,800	1,536
Repayment of borrowings		(1,028)	(875)
Dividends paid		-	(360)
Net cash provided by financing activities		1,772	978
Net decrease in cash and cash equivalents		(1,472)	(1,016)
Cash and cash equivalents at the beginning of the period		3,738	3,218
Cash and cash equivalents at the end of the period		2,266	2,202

Reconciliation of cash and cash equivalents

Cash at the end of the financial period as shown above is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	2,266	2,202

Notes to the condensed consolidated financial statements are included on pages 15 to 19.

Notes to the condensed consolidated financial statements

Corporate Information

TMA Group of Companies Limited ("Company") is a company incorporated in Australia, limited by shares which are traded on the Australian Stock Exchange ('ASX'), (ASX code 'TMA'). The Company was previously known as Mark Sensing Limited (ASX code 'MPI') up to 2 December 2009.

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *'Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'*. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current period financial amounts and other disclosures.

Basis of preparation

Historical cost convention

The condensed consolidated half year financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, set out in note 3 in the 2010 Annual Report and in note 1 of this report, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and underlying assumptions are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the condensed consolidated financial statements

2. Investments accounted for using the equity method

	Consolidated	
	Half-year ended 31 December 2010 $'000	Year ended 30 June 2010 $'000
Equity accounted amount of investment at the beginning of the period	382	226
Share of profit from continuing activities before income tax	24	314
Share of income tax expense related to continuing activities	(7)	(93)
Dividend received	(220)	(65)
Equity accounted amount of investment at the end of the period.	179	382

3. Segment Information

The Group has adopted AASB 8 *Operating Segments* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

The information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of performance has been expanded in line with its recent acquisitions. The Group's reportable segments under AASB 8 are therefore as follows

- Australia and New Zealand Converting
- Australia and New Zealand Technology
- China and
- South East Asia.

*****Australia and New Zealand Converting reportable segment – supply airline, parking, venue, gaming, transit tickets, thermal and plain paper or poly receipt rolls, labels and tags, security and protective coatings applied to paper, film or board and converts coated and non coated product to customer specifications.

*****Australia and New Zealand Technology reportable segment – supply several kinds of equipment with the view to establishing new markets for the Australia and New Zealand Converting segment.

*****China reportable segment - supply airline, parking, venue, gaming & lottery, transit tickets, thermal paper or poly receipt rolls, bag-tags, labels to customer specifications for the domestic (China) markets.

*****South East Asia reportable segment – supply airline, parking, venue, gaming, transit tickets, thermal and plain paper or poly receipt rolls, labels and tags, security and protective coatings applied to the paper, film or board and converts coated and non coated product to customer specifications.

Notes to the condensed consolidated financial statements

3. Segment Information (cont'd)

Information regarding these segments is presented below.

The following is an analysis of the Group's revenue, results and asset allocation by reportable operating segment for the period under review:

Business Segments

	Segment Revenue		Segment PBT	
	Half-year ended		Half-year ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Continuing Operations	$'000	$'000	$'000	$'000
Australia and New Zealand				
- Converting	19,907	16,836	3,311	1,400
- Technology	5,922	4,715	462	365
China	2,156	3,377	(569)	(16)
South East Asia	2,674	3,921	(222)	471
Total Revenue	30,659	28,849	-	-
Total PBT	-	-	2,982	2,220
Share of profit of associate			17	98
Profit before tax			2,999	2,318

Segment	SEGMENT ASSETS		SEGMENT LIABILITIES	
- Assets & Liabilities	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	$'000	$'000	$'000	$'000
Australia and New Zealand				
- Converting	32,136	27,582	(18,094)	(14,136)
- Technology	4,439	2,784	(2,772)	(1,731)
China	3,766	4,900	(1,887)	(2,406)
South East Asia	3,853	1,887	(993)	(1,295)
Total	44,194	37,154	(23,746)	(19,568)

Segment	SEGMENT ASSETS		SEGMENT LIABILITIES	
-Acquisition of assets	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	$'000	$'000	$'000	$'000
Australia and New Zealand				
- Converting	2,347	-	(607)	-
- Technology	-	1,963		(1,266)
China	-	-	-	-
South East Asia	-	-	-	-
Total	2,347	1,963	(607)	(1,266)

Notes to the condensed consolidated financial statements

4. Significant items affecting the results for the period

Other than the acquisition of Premier Business Forms NZ Ltd and Solstice Marketing Services Ltd, no significant items affected the results in the period ended 31 December 2010.

5. Goodwill	**Half year ended 31 December 2010**	**Year ended 30 June 2010**
Gross carrying amount	**$'000**	**$'000**
Balance at beginning of the interim period	1,687	327
Additional amounts recognised from business combinations occurring during the period (note 8)	2,125	1,360
Balance at end of the interim period	3,812	1,687
Accumulated impairment losses		
Balance at beginning of the interim period	(24)	-
Impairment losses for the year	(76)	(24)
Balance at end of the interim period	(100)	(24)
Net book value		
At the beginning of the interim period	1,663	327
At end of the interim period	3,712	1,663

6. Borrowings

During the period, the Group renegotiated a 3 year loan facility. Under the new facility, new bank loans were obtained to the amount of $2,800 (000's) (2009: $1,550 (000's)). The loans bear interest at variable market rates. Proceeds from the loan have been used to meet the acquisition during the period and to fund the additional working capital requirements of the expanding business.

Repayments of the other bank and related party loans amounting to $1,028 (000's) (2009: $3,075 (000's)) were made in line with previously disclosed repayment terms.

7. Contingencies and commitments

The consolidated entity is a defendant in a legal action which commenced in February 2005, involving the alleged failure to pay commissions. The Directors continue to hold the view, based on legal advice, that the action can be successfully defended and therefore no losses will be incurred. In relation to the same matter, the consolidated entity has a claim outstanding that commissions were overpaid. Based on legal advice the Directors believe there is a probability that the claim will be successful however the entity is not able to reliably measure the amounts to be received or paid, if any at this stage. No provision has been made or contingent asset recorded in regard to the above action.

The consolidated entity has funding facilities from the National Australia Bank Limited which are secured in full by a Registered Mortgage Debenture over the whole of the assets of the consolidated entity.

8. Acquisition of Subsidiary

On 1 October 2010, the Group acquired 100% of the shares of Premier Business Forms NZ Ltd and Solstice Marketing Services Ltd (Premier).

Premier's principal activities are the manufacture and sale of printed business forms, plain and coated, paper and film products, including tickets, tags, labels receipt rolls etc. for a wide range of markets.

The main advantages of this acquisition to the TMA Group are to further expand our capacity and footprint in the market throughout New Zealand in support of the converting business.

Notes to the condensed consolidated financial statements

8. Acquisition of Subsidiary (cont'd)

Consideration transferred

	$'000
Cash	2,682
Bank guarantees issued for future instalments	1,184
Total consideration	3,866
Net assets acquired	(1,741)
Goodwill	2,125

Acquisition related costs amounting to $211 (000's) have been expensed.

Assets acquired and liabilities assumed at the date of acquisition

	Provisional $'000
Current assets	
Cash & cash equivalents	173
Trade receivables	894
Inventories	437
Non-current assets	
Plant & equipment	844
Current liabilities	
Trade & other payables	(607)
Net Assets	1,741

9. Events occurring subsequent to reporting date

No other matters or circumstances have arisen since 31 December 2010 that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.