TRANSPACIFIC INDUSTRIES GROUP LTD

APPENDIX 4D

Half Year Report
Reporting period - 31 December 2011

Prior corresponding period – 31 December 2010

Information should be read in conjunction with the most recent Annual Financial Report and Half-Year Financial Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31/12/11 $M	Up/down	% movement		31/12/10 $M
Revenue from continuing operations	**1,122.7**	Up	6%	from	1,063.6
Profit from operating activities	**46.1**	Up	45%	from	31.7
Profit from continuing operations after income tax	**16.5**	Down	48%	from	31.7
Distribution to step up preference security holders	**(7.4)**	Up	3%	from	(7.2)
Profit after tax attributable to ordinary equity holders	**7.8**	Down	68%	from	24.3

Dividend information
The Directors have determined that no interim dividend will be paid to ordinary shareholders.

Financial highlights and operating results

Refer to pages 2 to 3 of the Financial Report for the Half-Year ended 31 December 2011.

NTA backing

	31 December 11 Cents	**30 June 11 Cents**
Net tangible asset backing per ordinary security	**5.7**	(23.5)

Details of entities over which control has been gained during the period

Refer to page 17 of the Financial Report for the Half-Year ended 31 December 2011.

Details of accounting standards used for foreign subsidiaries

The accounting standards used by foreign subsidiaries are those applicable to the country of incorporation. All accounting policies used by foreign subsidiaries are consistent with the accounting policies of the consolidated entity.

Details of associates and joint venture entities

Name of entity	**Notes**	**% of ownership interest held 31/12/11**	% of ownership interest held **31/12/10**
Western Resource Recovery Pty Ltd		**50%**	**50%**
Total Waste Management Pty Ltd		**50%**	**50%**
ERS Co Pty Ltd		**49%**	**49%**
Daniels Sharpsmart New Zealand Ltd		**50%**	**50%**
Otago Southland Waste Services Ltd		**50%**	**50%**
Pikes Point Transfer Station Ltd		**50%**	**50%**
Midwest Disposals Limited		**50%**	**50%**
Living Earth Limited		**50%**	**50%**
Wellington Waste Disposal Pty Ltd	Deregistered 03/01/2012	**50%**	**50%**
Wonthaggi Recyclers Pty Ltd		**50%**	**50%**
Oilstream Partners Pty Ltd		**50%**	**50%**
Earthpower Technologies Sydney Pty Ltd		**50%**	**50%**
Waste Disposal Services (unincorporated joint venture)		**50%**	**50%**
Transwaste Canterbury Ltd		**50%**	**50%**
Garware Environmental Services Private Limited		**50%**	**50%**

Dividend disclosures

FY12 interim dividend – The directors have resolved that no interim dividend will be paid. The strategic focus is to use free cash flows to reduce debt.

TRANSPACIFIC INDUSTRIES GROUP LTD

Details of dividend reinvestment plans

N/A

Compliance statement regarding Audit

The half-year report has been subject to review. A copy of the half-year financial report and review report is attached.

Sign here: Kellie Smith

(Company Secretary)

Print name: Kellie Smith

Date: 23 February 2012

Transpacific Industries Group Ltd

ABN 74 101 155 220

FINANCIAL REPORT

Half-Year Ended 31 December 2011

Contents

This interim financial report does not include all the 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 2011 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 Financial Statements of the Consolidated Group, consisting of Transpacific Industries Group Ltd ("the Company") and its controlled entities, for the half-year ended 31 December 2011.

Directors

The names of Directors of the Company at any time during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

G T Tilbrook – Non-Executive Chairman
K G Campbell – Executive Director and Chief Executive Officer
B R Brown – Non-Executive Director and Deputy Chairman
R A Ghatalia – Non-Executive Director
M M Hudson – Non-Executive Director
R M Smith – Non-Executive Director
E R Stein – Non-Executive Director (appointed 1 August 2011)

The office of Company Secretary is held by K L Smith, B.Com (Hons), CA.

Review of Operations

Financial Highlights

Key highlights of the result against the prior corresponding period include:

- Consolidated Group revenue (excluding interest revenue) up 5.8% to $1.12 billion;
- Consolidated Group EBITDA up 4.3% to $220.2 million; EBIT up 5.0% to $131.4 million;
- Total Waste Management businesses increased revenue (net of intercompany sales) by 3.3% and EBITDA by 2.3%;
- Commercial Vehicles division increased revenue (net of intercompany sales) by 31.0% and EBITDA by 176.2%;
- Manufacturing division reported a $0.1 million EBITDA loss; and
- Net debt reduction of $290.6 million from June 2011 as a result of a debt and equity refinancing completed in November 2011 and operating cash flows of $99.3 million.

Consolidated Group Results

The Consolidated Group profit from continuing operations after income tax for the half-year ended 31 December 2011 was $16.5 million (2010: $31.7 million).

The segment EBITDA results were as follows:

	HALF-YEAR ENDED 31 DECEMBER 2011 $M	HALF-YEAR ENDED 31 DECEMBER 2010 $M
Cleanaway – Australia	102.8	99.1
Industrials – Australia	65.1	64.2
New Zealand	41.8	40.6
Share of Associates' NPAT	1.3	2.3
Total Waste Management businesses	**211.0**	**206.2**
Commercial Vehicles – Australia and New Zealand	11.6	4.2
Manufacturing – Australia and New Zealand	(0.1)	0.6
Corporate	(2.3)	0.1
Total EBITDA	**220.2**	**211.1**

Review of Operations (continued)

Consolidated Group Results (continued)

Volumes across our waste management businesses have shown modest growth over the period with profit margins remaining stable.

The Commercial Vehicles business increased sales of both Western Star and MAN heavy duty vehicles when compared to the previous corresponding period and has grown market share.

Capital Management

During the half-year ended 31 December 2011, the Company completed a debt and equity refinancing comprising:

- a $1,525 million debt facility (reduced to $1,478 million in February 2012); and
- a $309 million renounceable entitlement offer.

This refinancing resulted in a simplified debt structure with reduced margins, and with average debt maturity increasing from 1.9 years to 4.0 years.

Net debt is $1.11 billion at 31 December 2011, down from $1.40 billion at 30 June 2011.

Operating cash flow increased 3.7% to $99.3 million.

As debt reduction remains a key priority for the Company, no interim dividend will be paid.

On 1 October 2011 the distribution on the SPS preference securities was "stepped up". As a result, the distribution margin increased from 3.5% to 6.0% with effect from the distribution period ending 31 March 2012.

Outlook

Whilst difficult economic conditions are being experienced in some sectors in Australia and New Zealand, the fundamentals of the Consolidated Group's Waste Management businesses remain sound. The Consolidated Group also expects good performance from the Commercial Vehicles division over the second half and implementation of the turnaround plan for the Manufacturing division continues.

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 Consolidated Group occurred since the commencement of the half-year under review.

Subsequent Events

Subsequent to 31 December 2011, the Company has agreed to buy back $75.58 million of its Convertible Notes at a discount to face value.

Other than the matter above, there has not arisen in the interval between 31 December 2011 and the date of this report any item, transaction or event, not already disclosed, of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group, 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 5.

Rounding of Amounts

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

Signed this 23rd day of February 2012 in accordance with a resolution of the Board of Directors.

G T Tilbrook
Chairman
Sydney, 23 February 2012

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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 2011, 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

Ernst & Young

Mike Reid
Partner
23 February 2012

Consolidated Statement of Financial Position

As at 31 December 2011

	NOTES	CONSOLIDATED GROUP 31 DECEMBER 2011 $M	CONSOLIDATED GROUP 30 JUNE 2011 $M
ASSETS			
Current assets			
Cash and cash equivalents		62.8	88.7
Trade and other receivables		322.3	310.9
Current tax assets		-	0.7
Inventories		176.5	131.6
Derivative financial instruments		-	0.1
Other assets		13.4	13.7
TOTAL CURRENT ASSETS		575.0	545.7
Non-current assets			
Investments accounted for using the equity method		26.8	28.1
Other financial assets		12.0	6.8
Property, plant and equipment		1,018.3	1,029.5
Land held for sale		9.6	9.6
Intangible assets		2,044.4	2,061.9
Deferred tax assets		60.2	34.3
TOTAL NON-CURRENT ASSETS		3,171.3	3,170.2
TOTAL ASSETS		3,746.3	3,715.9
LIABILITIES			
Current liabilities			
Trade and other payables		245.6	230.3
Borrowings	10	277.1	85.2
Current tax liabilities		6.1	-
Employee benefits		47.8	46.9
Provisions		22.9	25.4
Derivative financial instruments		74.2	55.8
Other		30.2	21.1
TOTAL CURRENT LIABILITIES		703.9	464.7
Non-current liabilities			
Borrowings	10	897.1	1,405.5
Employee benefits		9.6	8.3
Deferred government grants		0.9	1.0
TOTAL NON-CURRENT LIABILITIES		907.6	1,414.8
TOTAL LIABILITIES		1,611.5	1,879.5
NET ASSETS		2,134.8	1,836.4
EQUITY			
Issued capital	9	2,122.4	1,821.6
Reserves		(17.1)	(5.1)
Retained earnings		(223.9)	(231.7)
Parent entity interest		1,881.4	1,584.8
Non-controlling interest		3.6	1.8
Step-up preference security holders		249.8	249.8
TOTAL EQUITY		2,134.8	1,836.4

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 11 to 20.

Consolidated Statement of Comprehensive Income

For the Half-Year Ended 31 December 2011

		CONSOLIDATED GROUP	
	NOTES	HALF-YEAR ENDED 31 DECEMBER 2011 $M	HALF-YEAR ENDED 31 DECEMBER 2010 $M
CONTINUING OPERATIONS			
Revenue from continuing operations	2	1,122.7	1,063.6
Other income	2	2.8	0.5
Raw materials and inventory		(222.9)	(186.4)
Waste disposal and collection		(159.3)	(151.3)
Employee expenses		(327.9)	(333.4)
Depreciation and amortisation expenses		(88.8)	(85.9)
Financing costs	3	(84.0)	(91.2)
Repairs and maintenance		(56.3)	(52.2)
Fuel purchases		(30.8)	(27.3)
Leasing charges		(28.4)	(28.0)
Freight costs		(14.7)	(15.8)
Other expenses		(66.3)	(60.9)
Profit before associates and significant items		46.1	31.7
Share of net profits of associates accounted for using the equity method		1.3	2.3
Write off of deferred borrowing costs and convertible note repurchase costs	3	(25.4)	-
Change in fair value of derivative financial instruments	3	(13.6)	7.4
Profit before income tax		8.4	41.4
Income tax benefit/(expense)	4	8.1	(9.7)
Profit from continuing operations after income tax		16.5	31.7
Attributable to:			
Ordinary equity holders of the parent		7.8	24.3
Non-controlling interest		1.3	0.2
Step-up preference security holders		7.4	7.2
Profit from continuing operations after income tax		16.5	31.7

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 11 to 20.

Consolidated Statement of Comprehensive Income

For the Half-Year Ended 31 December 2011

	NOTES	CONSOLIDATED GROUP HALF-YEAR ENDED 31 DECEMBER 2011 $M	CONSOLIDATED GROUP HALF-YEAR ENDED 31 DECEMBER 2010 $M
Profit for the period		16.5	31.7
Other comprehensive income			
Cash flow hedges:			
Net loss taken to equity (net of tax)		(6.7)	(1.8)
Translation of foreign operation:			
Exchange differences taken to equity		(11.7)	(74.9)
Revaluation of assets:			
Revaluation of available-for-sale assets taken to equity (net of tax)		5.1	(0.9)
Net loss recognised directly in equity		(13.3)	(77.6)
Total comprehensive income/(loss) for the period		3.2	(45.9)
Attributable to:			
Ordinary equity holders of the parent		(5.5)	(53.3)
Non-controlling interest		1.3	0.2
Step-up preference security holders		7.4	7.2
Total comprehensive income/(loss) for the period		3.2	(45.9)

Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share (cents per share)	9	0.7	2.2
Diluted earnings per share (cents per share)	9	0.7	2.2

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 11 to 20.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2011

	Ordinary Shares	Convertible Notes	Asset Revaluation Reserve	Warrant Reserve	Employee Equity Benefits Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Retained Earnings	Owners of the Parent	Non – Controlling Interest	Step up Preference Securities	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
At 1 July 2011	1,770.0	51.6	35.2	60.9	3.7	(3.8)	(101.1)	(231.7)	1,584.8	1.8	249.8	1,836.4
Profit for period	-	-	-	-	-	-	-	7.8	7.8	1.3	7.4	16.5
Other comprehensive income	-	-	5.1	-	-	(6.7)	(11.7)	-	(13.3)	-	-	(13.3)
Total comprehensive income for the half-year	-	-	5.1	-	-	(6.7)	(11.7)	7.8	(5.5)	1.3	7.4	3.2
Share based payment	-	-	-	-	1.3	-	-	-	1.3	-	-	1.3
Issue of ordinary shares	308.8	-	-	-	-	-	-	-	308.8	-	-	308.8
Distribution to step-up preference securities	-	-	-	-	-	-	-	-	-	-	(7.4)	(7.4)
Purchase of remaining non-controlling interest	-	-	-	-	-	-	-	-	-	0.5	-	0.5
Transaction costs (net of tax)	(8.0)	-	-	-	-	-	-	-	(8.0)	-	-	(8.0)
Balance at 31 December 2011	2,070.8	51.6	40.3	60.9	5.0	(10.5)	(112.8)	(223.9)	1,881.4	3.6	249.8	2,134.8
At 1 July 2010	1,770.0	51.6	39.5	60.9	0.9	(1.0)	(43.4)	64.8	1,943.3	9.5	249.8	2,202.6
Profit for period	-	-	-	-	-	-	-	24.3	24.3	0.2	7.2	31.7
Other comprehensive income	-	-	(0.9)	-	-	(1.8)	(74.9)	-	(77.6)	-	-	(77.6)
Total comprehensive income for the half-year	-	-	(0.9)	-	-	(1.8)	(74.9)	24.3	(53.3)	0.2	7.2	(45.9)
Share based payment	-	-	-	-	2.2	-	-	-	2.2	-	-	2.2
Distribution to step-up preference securities	-	-	-	-	-	-	-	-	-	-	(7.2)	(7.2)
Deconsolidation of associate	-	-	-	-	-	-	-	-	-	(8.9)	-	(8.9)
Balance at 31 December 2010	1,770.0	51.6	38.6	60.9	3.1	(2.8)	(118.3)	89.1	1,892.2	0.8	249.8	2,142.8

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 11 to 20.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2011

	CONSOLIDATED GROUP	
	HALF-YEAR ENDED 31 DECEMBER 2011 $M	HALF-YEAR ENDED 31 DECEMBER 2010 $M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	1,237.5	1,170.5
Payments to suppliers and employees (inclusive of GST)	(1,073.4)	(997.0)
	164.1	173.5
Other revenue	10.1	6.8
Interest received	1.3	1.6
Interest paid	(72.5)	(78.4)
Income taxes paid	(3.7)	(7.7)
NET CASH PROVIDED BY OPERATING ACTIVITIES	99.3	95.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of businesses, including deferred settlement	(0.8)	(4.2)
Payments for property, plant and equipment	(68.1)	(65.0)
Proceeds from disposal of listed shares	0.1	5.4
Proceeds from disposal of property, plant and equipment	3.3	3.4
NET CASH (USED IN) INVESTING ACTIVITIES	(65.5)	(60.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to SPS unit holders	(7.4)	(7.2)
Dividends received from associates	2.8	1.8
Net movement in trade and vendor finance	-	3.2
Proceeds from issue of equity	308.8	-
Payment of debt and equity raising costs	(48.2)	(1.1)
Proceeds from borrowings	858.9	-
Repayment of borrowings	(1,000.1)	(76.8)
Repurchase of convertible notes	(157.9)	-
Repayment of lease liabilities	(15.8)	(19.9)
Repayment of loans to/from related parties	(0.5)	(0.6)
NET CASH (USED IN) FINANCING ACTIVITIES	(59.4)	(100.6)
NET INCREASE/(DECREASE) IN CASH HELD	(25.6)	(65.2)
Cash at the beginning of the half-year	88.7	141.0
Effects of exchange rate changes on cash	(0.3)	(1.1)
CASH AT THE END OF THE HALF-YEAR	62.8	74.7

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 11 to 20.

1. Summary of Significant Accounting Policies

Statement of compliance

This Half-Year Financial Report has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards AASB 134 'Interim Financial Reporting'. The Half-Year 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 Consolidated Group as the full Financial Report. It is recommended that the Half-Year 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 Consolidated Group during the half-year ended 31 December 2011 in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

Basis of preparation

The accounting policies applied in these interim Financial Statements are consistent with those set out and applied in the Consolidated Group's Annual Financial Report for the year to 30 June 2011, 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 Consolidated Group. Prior year comparatives have been adjusted to comply with current year presentation where appropriate.

The Consolidated 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. The following new Standards and amendments to existing standards are effective for the financial year ending 30 June 2012:

AASB 1054 *Australian Additional Disclosures – Applies to annual reporting periods on or after 1 July 2011*

The standard sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards as well as disclosure requirements that are additional to International Financial Reporting Standards that have been harmonised with the equivalent New Zealand requirements.

These requirements include disclosure of compliance with Standards; the statutory basis or reporting framework for the financial statements; audit fees; imputation credits; and reconciliation of net operating cash flows to profit or loss.

AASB 2010-6 Amendments to Australian Accounting Standards – *Applies to annual reporting periods on or after 1 July 2011*

This standard makes amendments to increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in International Financial Reporting Standard 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.

AASB 2011-5 Amendments to Australian Accounting Standards – *Applies to annual reporting periods on or after 1 July 2011*

This standard makes amendments to AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates' and AASB 131 'Interest in Joint Ventures' to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.

1. Summary of Significant Accounting Policies (continued)

Environmental regulation

The Consolidated Group's Australian operations will be required to comply with the Australian Federal Government's Carbon Pollution Reduction Scheme from 1 July 2012. Whilst the Consolidated Group is currently undertaking a full analysis of the impact of this new legislation on each division, the impact on business performance, cash flows and overall cash generating units has not yet been fully quantified. This will be done as part of the annual impairment review.

Current assets and current liabilities

The Consolidated Group's Statement of Financial Position discloses current assets of $575.0 million and current liabilities of $703.9 million. This has arisen due to the requirement to disclose the 5 year US Private Placement Notes and Convertible Notes as current borrowings at 31 December 2011 as the holders have the right to put or have the right to redemption in September 2012 and December 2012, respectively. The Consolidated Group has the capacity to meet these settlements at their put or maturity dates by draw-downs from long-term tranches in the syndicated debt facility which are available and reserved for this specific purpose.

2. Revenue and Expenses

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	CONSOLIDATED GROUP	
	HALF-YEAR ENDED 31 DECEMBER 2011 $M	HALF-YEAR ENDED 31 DECEMBER 2010 $M
(i) Revenue		
Sale of goods and rendering of services	1,108.1	1,047.2
Product Stewardship Oil benefits	7.8	7.9
Interest revenue	1.3	1.6
Other revenue	5.5	6.9
	1,122.7	1,063.6
(ii) Other income		
Gain on disposal of property, plant and equipment	1.4	0.5
Foreign currency exchange gains (net)	1.4	-
	2.8	0.5

3. Significant Items of Revenue and Expense

REVENUES

Other revenue in 2010 includes a write back of an onerous customer contract impairment provision in New Zealand of $2.1 million.

EXPENSES

Financing costs includes $3.3 million (2010: $3.3 million) of amortisation on convertible notes and $4.3 million (2010: $4.4 million) amortisation of deferred borrowing costs.

Other expenses in 2010 includes $1.5 million impairment of customer contracts.

OTHER

During the half-year ended 31 December 2011 the Consolidated Group completed a debt and equity refinancing which resulted in a new $1,525 million syndicated facility replacing an existing $1,435 million syndicated facility. The Consolidated Group expensed costs associated with former debt facilities totalling $25.4 million comprising:

- $13.5 million for the write-off of costs associated with the former syndicated debt facility agreement;
- $3.0 million to write off costs associated with repurchased Convertible Notes;
- $10.5 million accelerated amortisation for the repurchased Convertible Notes;
- Partly offset by $1.6 million profit on repurchase of Convertible Notes at a discount.

During the half-year ended 31 December 2011 the Consolidated Group incurred a fair value loss of $13.6 million (2010: fair value gain $7.4 million) on interest rate swap instruments in accordance with AASB139 ‘Financial Instruments’. This non-cash accounting adjustment arises from the requirement to “mark-to-market” the value of interest rate swap instruments.

4. Income Tax

	CONSOLIDATED GROUP	
	HALF-YEAR ENDED 31 DECEMBER 2011 $M	HALF-YEAR ENDED 31 DECEMBER 2010 $M
NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX NET PROFIT		
Profit/(loss) before tax	8.4	41.4
Income tax using the domestic corporation tax rate of 30% (2010: 30%)	2.5	12.4
Increase/(decrease) in income tax expense due to:		
Share of associates’ net profits	(0.5)	(0.7)
Non-deductible expenses/non-assessable income	0.2	(0.5)
Effect of tax losses recognised	0.4	-
Over provision in prior years	(13.0)	-
Repurchase of convertible notes	3.6	-
Other	(1.3)	(1.5)
Income tax (benefit)/expense	(8.1)	9.7

5. Segment Information

BUSINESS SEGMENTS

Under AASB 8 'Operating Segments', a condition for identifying an operating segment is that it is a component of the entity whose results are regularly reviewed by each entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance ('the management approach'). The chief operating decision maker for the Consolidated Group is considered to be the Chief Executive Officer.

The principal products and services delivered by the Consolidated Group, from which reportable segments derive revenue, is as follows:

Cleanaway – Australia

- Collections – municipal, residential, commercial and industrial 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, ensuring the long-term sustainability of our limited natural resources.

Industrials – Australia

- Technical Services – 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.
- Industrial Services – services include industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, CCTV, corrosion protection, asbestos removal and emergency response services.
- Hydrocarbons – refining and recycling of used mineral oils to produce fuel oils and base oils. Manufacture of bituminous based applications and coatings.

New Zealand

- New Zealand – business streams comprise the same activities as those noted above for Cleanaway and Industrials.

Commercial Vehicles – Australia and New Zealand

- Importation and distribution – independent importer and distributor of Western Star, MAN, Dennis Eagle and Foton truck chassis and associated parts and MAN bus chassis and associated parts.

Manufacturing – Australia and New Zealand

- Manufacturing – manufacturing and servicing of vehicle bodies, parts washers, plastic and steel bins, and waste compaction units to support our own operations as well as our clients.

Inter-segment pricing is determined on an arm's length basis.

5. Segment Information (continued)

2011	CLEANAWAY AUSTRALIA $M	INDUSTRIALS $M	NEW ZEALAND $M	COMMERCIAL VEHICLES $M	MANUFACTURING $M	CORPORATE / UNALLOCATED $M	CONSOLIDATED $M
Revenue							
Sales – external	455.4	273.0	169.2	195.6	22.7	-	1,115.9
Inter-segment sales	36.6	53.1	8.3	0.3	32.1	2.6	133.0
TOTAL SALES REVENUE	492.0	326.1	177.5	195.9	54.8	2.6	1,248.9
Inter-segment elimination							(133.0)
Other revenue							5.5
Interest income							1.3
TOTAL CONSOLIDATED REVENUE							1,122.7
Result							
Segment EBITDA	102.8	65.1	41.8	11.6	(0.1)	(2.3)	218.9
Segment results before tax	7.1	30.4	26.5	9.9	(2.3)	(24.2)	47.4
Share of profit of associates'							1.3
Unallocated revenue and expenses							(40.3)
PROFIT BEFORE INCOME TAX							8.4
Income tax benefit							8.1
NET PROFIT							16.5
Total depreciation and amortisation expense	47.3	19.6	15.3	0.7	-	5.9	88.8

5. Segment Information (continued)

2010	CLEANAWAY AUSTRALIA $M	INDUSTRIALS $M	NEW ZEALAND $M	COMMERCIAL VEHICLES $M	MANUFACTURING $M	CORPORATE / UNALLOCATED $M	CONSOLIDATED $M
Revenue							
Sales – external	425.8	272.7	170.6	149.3	36.7	-	1,055.1
Inter-segment sales	32.7	50.3	1.0	2.5	21.6	3.9	112.0
TOTAL SALES REVENUE	458.5	323.0	171.6	151.8	58.3	3.9	1,167.1
Inter-segment elimination							(112.0)
Other revenue							6.9
Interest income							1.6
TOTAL CONSOLIDATED REVENUE							1,063.6
Result							
Segment EBITDA	99.1	64.2	40.6	4.2	0.6	0.1	208.8
Segment results before tax	7.6	28.1	24.4	2.3	(3.5)	(25.6)	33.3
Share of profit of associates'							2.3
Unallocated revenue and expenses							5.8
PROFIT BEFORE INCOME TAX							41.4
Income tax expense							(9.7)
NET PROFIT							31.7
Total depreciation and amortisation expense	44.2	22.0	14.9	0.7	1.6	2.5	85.9

6. Dividends and Distributions

	CONSOLIDATED GROUP			
	HALF-YEAR ENDED 31 DECEMBER 2011		HALF-YEAR ENDED 31 DECEMBER 2010	
	Amount per Share	Total $M	Amount per Share	Total $M
Recognised (paid) amounts				
Step-up preference securities				
Period ended 30 September: fully franked at 30% tax rate	$2.97	7.4	$2.87	7.2
Unrecognised (proposed and declared amounts)				
Step-up preference securities				
Period ended 31 March: fully franked at 30% tax rate	$3.69	9.2	$3.00	7.5

The Directors have resolved not to pay an interim dividend to ordinary security holders.

7. Business Combinations

The Consolidated Group acquired the remaining 30% minority interest share in Transpacific Cleanaway Hygiene Pty Ltd during the half-year ended 31 December 2011 for nominal consideration. No ordinary shares were issued as part settlement of this business combination.

8. Commitments and Contingencies

Proposed Class Action

The Consolidated Group has been invited to enter into discussions regarding a proposed class action by certain investors who acquired securities in the Company in the period between 29 August 2007 and 16 February 2009. If any proceedings are commenced with respect to this matter the Company will vigorously defend them. The financial effect, if any, is unable to be determined at this time.

Other Claims

Other than the proposed class action noted above, certain companies within the Consolidated Group are party to various legal actions 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 Consolidated Group.

Taxation Authority Reviews

At 31 December 2011 the Taxation authorities of Australia and New Zealand are currently undertaking reviews of the Consolidated Group's tax positions in both countries. The reviews are ongoing and at this time it is too early to identify the outcomes and related adjustments that may arise, if any.

9. Issued Capital

	CONSOLIDATED GROUP	
	31 DECEMBER 2011 $M	30 JUNE 2011 $M
Ordinary shares		
Issued and fully paid	2,070.8	1,770.0
Convertible notes		
Equity component	51.6	51.6
	2,122.4	1,821.6

Movements in ordinary shares on issue	No. of shares	$M
At 1 July 2011	960,638,735	1,770.0
Issued during the financial year:		
- Shares issued for equity raising	617,570,290	308.8
- Transaction costs (net of tax)	-	(8.0)
Balance at 31 December 2011	1,578,209,025	2,070.8

Earnings per share was calculated based on the weighted average number of shares of 1,127,997,687 for the period to 31 December 2011. Diluted earnings per share was calculated based on the weighted average number of ordinary shares (including options over shares) of 1,128,390,991 for the period to 31 December 2011.

CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure that the Consolidated Group uses a mix of funding options, with the objectives of optimising returns to security holders and prudent risk management.

During the half-year, the Consolidated Group completed a debt and equity refinancing comprising:

- A $1,525 million syndicated debt facility (reduced to $1.478 million in February 2012); and
- A $309 million renounceable entitlement offer.

The facility limits and maturity profile of the Consolidated Group's debt facilities as at 31 December 2011 are as follows:

Financing facility		**$ Amount**	**Maturity Date**
Syndicated facility	5 year tranche	$615 million	November 2016
	4 year tranche	$510 million	November 2015
	3 year tranche	$400 million	November 2014
US Private Placement	5 year tenure	$115 million	December 2012 [1]
	10 year tenure	$54 million	December 2017 [1]
Convertible Notes		$150 million	December 2014 [2]

- [1] The USPP lenders have the right to put the debt as at September 2012.
- [2] The Convertible note holders have the right to request redemption in December 2012.

10. Borrowings

	CONSOLIDATED GROUP	
	31 DECEMBER 2011 $M	30 JUNE 2011 $M
CURRENT		
UNSECURED		
Bank loans	-	50.0
Loans to related parties and associates	3.3	3.3
Other	0.4	0.4
	3.7	53.7
SECURED		
US Private Placement notes	99.9	-
6.75% Subordinated Convertible Notes	139.3	-
Obligations under finance leases and hire purchase	34.2	31.5
	273.4	31.5
	277.1	85.2
NON CURRENT		
UNSECURED		
Bank loans	-	874.7
6.75% Subordinated Convertible notes	-	283.0
Other	1.2	1.2
	1.2	1.158.9
SECURED		
Bank loans	760.4	-
US Private Placement notes	47.1	139.6
Obligations under finance leases and hire purchase	88.4	107.0
	895.9	246.6
	897.1	1,405.5

US Private Placement Notes and Convertible Notes have been included in current borrowings at 31 December 2011 as the holders have the right to put or have the right to redemption in September 2012 and December 2012, respectively. The Consolidated Group has the capacity to meet these settlements at their put or maturity dates by draw-downs from long-term tranches in the syndicated debt facility which are available and reserved for this specific purpose.

On 27 January 2012, the Consolidated Group granted security in favour of the Syndicated Facility lenders, USPP Note holders and Subordinated Convertible Note holders.

The repurchase of the Convertible Notes resulted in the following movements:

	31 DECEMBER 2011 $M	30 JUNE 2011 $M
CONVERTIBLE NOTES (BEFORE BORROWING COSTS)		
Opening balance	286.3	279.7
Reduction in principal on buy-back	(159.5)	-
Acceleration of amortisation on repurchase	10.5	-
Amortisation	3.3	6.6
	140.6	286.3

11. Non-cash Financing and Investing Activities

During the period the Consolidated Group acquired plant and equipment with an aggregate fair value of $0.1 million (2010: $5.7 million) by means of finance lease.

12. Subsequent Events

Subsequent to 31 December 2011, the Company has agreed to buy back $75.58 million of its Convertible Notes at a discount to face value.

Other than the matter above, there has not arisen in the interval between 31 December 2011 and the date of this report any item, transaction or event, not already disclosed, of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group, in future years.

Directors' Declaration

In the Directors' opinion:

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

- (i) giving a true and fair view of the Consolidated Group's financial position as at 31 December 2011 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.

G T Tilbrook	K G Campbell
Chairman	Director

Sydney
23 February 2012

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To the 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 statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and 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 2011 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.

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 2011 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
23 February 2012