TRANSPACIFIC INDUSTRIES GROUP LTD

APPENDIX 4D

Half Year Report - 31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31/12/08 $000	Up/down $000	% movement		31/12/07 $000
Revenues and other income	**1,189,901**	132,050	12.5%	from	1,057,851
Profit from operating activities	**94,042**	9,693	9.3%	from	103,735
Profit after tax attributable to equity holders	**(42,583)**	(128,111)	149.8%	from	85,528
Distribution to step up preference security holders	**(10,050)**	(1,200)	13.6%	from	(8,850)
Profit after tax attributable to ordinary equity holders	**(52,633)**	(129,311)	168.6%	from	76,678

Dividend information	**Amount per security**	**Franked amount per security**
Paid:		
Interim dividend (31 December 2007)	8.0 cents	Fully franked
Final dividend (30 June 2008)	10.1 cents	Fully franked

The directors have determined that no interim dividend will be paid.
The funds will be applied to reduce debt.

Brief explanation of any of the figures outlined above necessary to enable figures to be understood:

Profit from operating activities for the half year ended 31 December 2008 was approximately $94.0 million. These results were affected by a non cash mark to market adjustment on listed shares of $46.3 million (pre and post tax) and a non cash mark to market on hedges $99.0 million (pre tax) ($69.3million post tax) which have adversely affected the profit. As a result of these adjustments the net loss after income tax attributable to ordinary equity holders of Transpacific Industries Group Ltd for the half-year ended 31 December 2008 was approximately $52.6 million (2007: profit $76.7 million).

Please refer also to our 31 December 2008 results briefing for further detailed information.

NTA backing

	31 December 08 Cents	30 June 08 Cents
Net tangible asset backing per ordinary security	**(336.86)**	**(360.23)**

The businesses owned by TPI are mainly in the services industry and therefore intangible assets represent most of the assets acquired.

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

There were numerous business acquisitions during the year.

On 1 October 2008 TPI acquired a 100% interest in Higgins Trading Company Pty Ltd.

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 and A-IFRS.

Details of associates and joint venture entities

Name of entity	**% of ownership interest held**	% of ownership interest held
	31/12/07	31/12/06
Western Resource Recovery Pty Ltd	**50%**	**50%**
Total Waste Management Pty Ltd	**50%**	**50%**
ERS Co Pty Ltd	**49%**	**49%**
Western Star Truck Centre Trust	**50%**	**50%**
Daniels Sharpsmart New Zealand Ltd	**50%**	**50%**
Otago Southland Waste Services	**50%**	**50%**
Pikes Point Transfer Station	**50%**	**50%**
Midwest Disposals Limited	**50%**	**50%**
Living Earth Limited	**50%**	**50%**
Wellington Waste Disposal Pty Ltd	**50%**	**50%**
Wonthaggi Recyclers Pty Ltd	**50%**	**50%**
Enviroway Ltd	**50%**	**50%**
Earthpower Technologies Pty Ltd	**50%**	**50%**
Transwaste Canterbury Ltd	**50%**	**50%**
Superior Pak Ltd	**50%**	**50%**

TRANSPACIFIC INDUSTRIES GROUP LTD

Dividend disclosures

FY08 final dividend – the final fully franked dividend of 10.1 cents per share, totalling $29,620,789 was paid to shareholders on 24 October 2008.

FY09 interim dividend – The directors have resolved that no interim dividend will be paid. The funds will be applied to reduce debt.

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: 27 February 2009

Transpacific Industries Group Ltd

ABN 74 101 155 220

FINANCIAL REPORT

Half-year Ended 31 December 2008

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 2008 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

Your directors present their report on the consolidated entity consisting of Transpacific Industries Group Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

Directors

The names of directors of Transpacific Industries Group Ltd during or since the end of the half-year are as follows. Directors were in office for this entire period unless otherwise stated.

T E Peabody – Executive Chairman
T J Coonan – Executive Director
H W Grundell – Executive Director
B R Brown – Non-Executive Director and Deputy Chairman
G D Mulligan – Non-Executive Director
B S Allan – Non-Executive Director

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

Review of Operations

Profit from ordinary activities for the half year ended 31 December 2008 was approximately $94.0 million. These results were affected by a non cash mark to market adjustment on listed shares of $46.3 million (pre and post tax) and a non cash mark to market on hedges of $99.0 million (pre tax) ($69.3 million (post tax)) which have adversely affected the profit. As a result of these adjustments the net loss after income tax attributable to ordinary equity holders of Transpacific Industries Group Ltd for the half-year ended 31 December 2008 was approximately $52.6 million (2007: profit $76.7 million).

The Group is currently in breach of its USPP covenant at 31 December 2008 as a result of the mark to market of interest rate swap instruments being captured in the covenant definition causing an event of default. The mark to market does not trigger the Group's syndicated facility covenants, however the breach of the USPP covenants causes a cross default in this agreement.

The Group has previously commenced a review of its capital structure. This review is being completed in conjunction with the company's advisors. It includes negotiations with the syndicated facility banks to extend the banking facilities, and the USPP investors to waive the default. The directors remain confident that sufficient capital will be raised in conjunction with renewed debt facilities to satisfy the Group's funding requirements.

Having regard to the factors described above, the directors consider that there are reasonable grounds to believe that the Group will through a combination of equity raising, free operating cash flows and the continued support of its bankers and financiers, be in a position to pay all debts as and when they fall due in the ordinary course of business.

As advised to the market the Company is currently reviewing its FY09 forecasts.

An analysis of half-year results is set out in the presentation lodged with the ASX.

The Company made a number of acquisitions in the half-year which will further contribute to our growth over the coming years.

Subsequent Events

On 19 February 2009, the Company requested the Australian Securities Exchange (ASX) to grant an immediate voluntary suspension of its ordinary shares. The purpose of the suspension is to allow the Company to complete a review of its capital structure while ensuring the shares do not trade on an uninformed basis. The Company expects it will take up to one month to finalise this review and complete all relevant negotiations before a full and complete update can be provided to the ASX.

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 4.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

T E Peabody
Chairman
Brisbane, 27 February 2009

Bentleys
Thinking ahead

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TRANSPACIFIC INDUSTRIES GROUP LTD

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008, there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Yours faithfully,
Bentleys
Brisbane Partnership

Robert Forbes

R J Forbes

Brisbane, 27 February 2009

Condensed Consolidated Income Statement

For the Half-Year Ended 31 December 2008

	NOTES	CONSOLIDATED HALF-YEAR ENDED 31 DECEMBER 2008 $'000	CONSOLIDATED HALF-YEAR ENDED 31 DECEMBER 2007 $'000
CONTINUING OPERATIONS			
Revenue	2	1,189,474	1,054,531
Cost of sales		(461,910)	(382,909)
Gross profit		727,564	671,622
Other income	2	427	3,320
Employee expenses		(284,281)	(275,109)
Depreciation and amortisation expenses		(69,061)	(58,911)
Financing costs	2	(102,823)	(87,880)
Repairs and maintenance		(47,273)	(41,019)
Fuel purchases		(41,289)	(29,003)
Leasing charges		(11,504)	(8,139)
Freight costs		(11,813)	(5,782)
Other expenses		(65,905)	(65,364)
Profit from operating activities		94,042	103,735
Share of net profits of associates accounted for using the equity method		756	3,597
Impairment of available-for-sale assets	3	(46,310)	-
Fair value of financial instruments	3	(98,959)	-
(Loss)/Profit before income tax		(50,471)	107,332
Income tax benefit/(expense)		9,570	(21,659)
(Loss)/Profit from continuing operations		(40,901)	85,673
Net loss attributable to minority interests		(1,682)	(145)
(Loss)/Profit attributable to equity holders		(42,583)	85,528
Distribution to step up preference security holders		(10,050)	(8,850)
(Loss)/Profit attributable to ordinary equity holders of the parent		(52,633)	76,678

Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share (cents per share)		-17.3	27.1
Diluted earnings per share (cents per share)		-16.7	25.6

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

Condensed Consolidated Balance Sheet

As at 31 December 2008

	NOTES	CONSOLIDATED 31 DECEMBER 2008 $'000	CONSOLIDATED 30 JUNE 2008 $'000
ASSETS			
Current assets			
Cash and cash equivalents		44,143	58,126
Trade and other receivables		387,453	358,890
Inventories		225,379	164,953
Derivatives		1,033	19,482
Other assets		11,123	10,920
TOTAL CURRENT ASSETS		669,131	612,371
Non-current assets			
Investments accounted for using the equity method		23,277	19,252
Other financial assets		27,390	73,337
Property, plant and equipment		1,058,662	965,233
Intangible assets		2,621,600	2,542,245
Deferred tax assets		75,424	36,699
TOTAL NON-CURRENT ASSETS		3,806,353	3,636,766
TOTAL ASSETS		4,475,484	4,249,137
LIABILITIES			
Current liabilities			
Trade and other payables		316,777	292,968
Borrowings	9	2,323,867	391,826
Current tax liabilities		5,223	1,784
Employee benefits		38,177	33,087
Provisions		13,767	7,792
Derivatives		5,098	11,831
Other		23,519	24,464
TOTAL CURRENT LIABILITIES		2,726,428	763,752
Non-current liabilities			
Borrowings	9	36,955	1,938,965
Deferred tax liabilities		34,148	28,563
Employee benefits		8,358	8,765
Derivatives		94,149	-
Deferred government grants		1,409	1,501
TOTAL NON-CURRENT LIABILITIES		175,019	1,977,794
TOTAL LIABILITIES		2,901,447	2,741,546
NET ASSETS		1,574,037	1,507,591
EQUITY			
Issued capital	8	1,342,840	1,221,247
Reserves		23,089	(10,007)
Retained earnings		190,420	272,806
Parent entity interest		1,556,349	1,484,046
Minority interest		17,688	23,545
TOTAL EQUITY		1,574,037	1,507,591

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Recognised Income and Expense

For the Half-Year Ended 31 December 2008

	CONSOLIDATED	
	HALF-YEAR ENDED 31 DECEMBER 2008 $'000	HALF-YEAR ENDED 31 DECEMBER 2007 $'000
Cash flow hedges:		
Gain/(loss) taken to equity	(7,319)	8,311
Translation of foreign operation:		
Exchange differences taken to equity	45,905	(369)
Revaluation of assets:		
Asset revaluation taken to equity	2,910	-
Net income recognised directly in equity	41,496	7,942
(Loss)/Profit for the period	(40,901)	85,673
Total recognised income and expense for the period	595	93,615
Attributable to:		
Equity holders of the parent	(1,087)	93,470
Minority interest	1,682	145
Total recognised income and expense for the period	595	93,615

The above condensed consolidated statement of recognised income and expense should be read in conjunction with the accompanying notes.

Condensed Consolidated Cash Flow Statement

For the Half-Year Ended 31 December 2008

	CONSOLIDATED	
	HALF-YEAR ENDED 31 DECEMBER 2008 $'000	HALF-YEAR ENDED 31 DECEMBER 2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	1,270,605	1,107,572
Payments to suppliers and employees (inclusive of GST)	(1,054,761)	(928,704)
	215,844	178,868
Other revenue	7,968	-
Interest received	1,453	4,835
Interest paid	(97,165)	(97,060)
Income taxes paid	(22,596)	(14,924)
NET CASH PROVIDED BY OPERATING ACTIVITIES	105,504	71,719
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of equity and other investments, net of cash acquired	(97)	(39,611)
Payments for purchase of businesses	(53,144)	(166,133)
Payments for property, plant and equipment	(81,638)	(48,333)
Proceeds from disposal of property, plant and equipment	545	1,244
NET CASH (USED IN) INVESTING ACTIVITIES	(134,334)	(252,833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid – pre-IPO shareholders	-	(6,500)
Distribution to SPS Unit holders	(10,050)	(8,850)
Dividends received from associates	774	2,212
Dividends to minority shareholders	(1,048)	(392)
Ordinary equity dividends paid	(29,621)	(18,862)
Dividend reinvestment plan and underwrite	6,871	18,862
Net movement in trade and vendor finance	23,700	3,578
Proceeds from issue of equity	69,901	6,864
Payment of debt and equity raising costs	(619)	(32,253)
Proceeds from borrowings	70,121	2,663,696
Repayment of borrowings	(75,131)	(2,541,958)
Buyback of convertible bond	(18,325)	-
Repayment of lease liabilities	(11,123)	(7,926)
Loans to related parties	(8,292)	-
Repayment of loans to/from related parties	(3,653)	(6,230)
NET CASH FROM FINANCING ACTIVITIES	13,505	72,241
NET (DECREASE)/INCREASE IN CASH HELD	(15,325)	(108,873)
Cash at the beginning of the half-year	58,126	222,459
Effects of exchange rate changes on cash	1,342	(8,383)
CASH AT THE END OF THE HALF-YEAR	44,143	105,203

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Summary of Significant Accounting Policies

Statement of compliance

This half-year general purpose financial report has been prepared in accordance with the Corporations Act 2001 and 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 entity 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 Transpacific Industries Group Ltd and its controlled entities during the half-year ended 31 December 2008 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of preparation

The condensed consolidated 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 value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted, which is the Company's functional currency.

Accounting policies

Except as described below, the accounting policies and methods of computation applied in the preparation of the half-year financial report are consistent with those adopted in the Company's annual financial statements for the year ended 30 June 2008, as described in those annual financial statements.

The following new standards, amendments to standards are mandatory for the first time for the financial year beginning 1 July 2008 but are not relevant for the group:

- IFRIC 13 'Customer loyalty programmes',
- AASB 2007-9 'Amendments to Australian Accounting Standards arising from the Review of AAS 27, AAS 29 and AAS 31',

The following new standards, amendments to standards are mandatory for the first time for the financial year beginning 1 July 2008 and have been adopted in the preparation and presentation of the financial report:

- AASB 2008-10 'Amendments to Australian Accounting Standards – reclassification of financial assets',

The financial report has been prepared on a going concern basis.

Going concern

In the period ended 31 December 2008, the Group reported;

- A profit before tax from ordinary activities of $94.0 million
- A loss after tax of $52.6 million
- A cash inflow from operating activities of $105.5 million

The loss after tax was impacted by significant one off non-cash losses related to:

- mark to market on available for sale investments ($46.3 million pre and post tax); and
- mark to market on interest rate swap instruments ($99.0 million pre tax and $69.3 post tax).

At 31 December 2008, the Group had debt facilities with external financiers including a $2.1 billion syndicated facility agreement and a $169 million US private placement (USPP). As part of its financing facilities, the Group is subject to certain financial covenants measured on a quarterly or half yearly basis.

1 Summary of Significant Accounting Policies (continued)

Going concern

The Group is currently in breach of its USPP covenant at 31 December 2008 as a result of the mark to market of interest rate swap instruments being captured in the covenant definition causing an event of default. The mark to market does not trigger the Group's syndicated facility covenants, however the breach of the USPP covenants causes a cross default in this agreement.

Whilst the USPP documentation substantially reflects covenant definitions within the Syndicated Facility Agreement (where there is no event of default), there is a difference in the definition of indebtedness which incorporates unrealised gains or losses on interest rate swaps.

The loss recorded on the interest rate swaps in the income statement is a non-cash adjustment reflecting the differential between the current (low) interest rates and those fixed under the hedge arrangements, and has arisen as a result of the substantial fall in interest rates over the last few months.

As a result of this default, all debt facilities have been reclassified as current liabilities at 31 December 2008 under Australian Accounting Standard requirements and the Group's half-year financial report discloses a net current asset deficiency of $2,057 million.

The Group had previously commenced a review of its capital structure. This review is being completed in conjunction with the company's advisors. It includes negotiations with the syndicated facility banks to extend the banking facilities, and the USPP investors to waive the default. The directors remain confident that sufficient capital will be raised in conjunction with renewed debt facilities to satisfy the Group's funding requirements.

Having regard to the factors described above, the directors consider that there are reasonable grounds to believe that the Group will through a combination of equity raising, free operating cash flows and the continued support of its bankers and financiers, be in a position to pay all debts as and when they fall due in the ordinary course of business.

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	
	HALF-YEAR ENDED 31 DECEMBER 2008 $'000	HALF-YEAR ENDED 31 DECEMBER 2007 $'000
(i) Revenue		
Sale of goods and rendering of services	1,164,272	1,034,723
Product Stewardship Oil benefits	7,440	7,831
Interest revenue	1,453	4,835
Other revenue	16,309	7,142
	1,189,474	1,054,531
(ii) Other income		
Profits/(Loss) on acquisition of businesses	-	3,250
Gain on disposal of property, plant and equipment	427	70
	427	3,320
	1,189,901	1,057,851

3 Significant Items of Revenue and Expense

REVENUE

Profit on repurchase of convertible notes during the half-year ended 31 December 2008 totalled $8.7 million (2007: nil).

EXPENSE

During the period the entity declared the following losses:

- A $46.3 million impairment loss before tax as a result of the fall in the value of its investment in other listed securities. This is a non-recurring and non cash accounting adjustment arising from the AIFRS requirement to "mark to market" the value of direct equity holdings, including investments impacted by the crisis in domestic and global equity markets.
- A$99.0 million fair value adjustment to interest rates swap instruments in accordance with AASB139 "Financial Instruments". This is a non cash accounting adjustment arising from the AIFRS requirement to "mark to market" the value of interest rate swap instruments. These instruments have been impacted by the substantial fall in interest rates since 30 June 2008.

Financing costs include $3.5million of amortisation on convertible notes.

4 Segment Information

BUSINESS SEGMENTS

The consolidated entity comprises the following main business segments:

Liquid and hazardous waste	Includes collection, transportation, treatment and sale or disposal of liquid waste
Energy	Includes collection, transportation, treatment and sale or disposal of waste mineral oil and cooking oil
Industrial solutions	Includes industrial cleaning, high pressure water blasting and manufacture and lease out of parts washers
Solid waste	Includes collection, transportation, recycling and disposal of solid waste, including landfill and transfer station operation, and resource recovery
Commercial vehicles	Importation and sale of commercial vehicles and parts
Organics/remediation	Includes site remediation, contaminated site clean up, dredging, composting and biosolids management
Manufacturing	Includes the manufacture of vehicle bodies, parts washers, bins and waste compaction units

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

	SEGMENT REVENUE		SEGMENT RESULT	
	HALF-YEAR ENDED		HALF-YEAR ENDED	
	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000
Liquid and Hazardous Waste	123,442	122,420	17,685	18,149
Energy	76,139	67,083	13,861	13,521
Industrial Solutions	162,013	145,902	10,280	10,778
Solid Waste	573,513	473,392	48,220	43,173
Commercial Vehicles	240,574	233,672	21,943	21,688
Organics/Remediation	11,344	13,854	(422)	249
Manufacturing	58,378	31,367	4,396	1,909
	1,245,403	1,087,690	115,963	109,467
Eliminations	(65,329)	(38,851)	-	-
Unallocated	9,400	5,692	(21,165)	(2,135)
Impairment of available-for-sale assets	-	-	(46,310)	-
Fair value of financial instruments	-	-	(98,959)	-
Consolidated revenue	1,189,474	1,054,531		
(Loss)/Profit before income tax expense			(50,471)	107,332
Income tax expense			9,570	(21,659)
(Loss)/Profit for the period			(40,901)	85,673

5 Dividends and Distributions

	HALF-YEAR ENDED 31 DECEMBER 2008		HALF-YEAR ENDED 31 DECEMBER 2007	
	Amount per share	Total $'000	Amount per share	$'000
Recognised (paid) amounts				
Fully paid ordinary shares				
Final dividend	10.1c	29,379	6.7c	18,862
Step-up preference securities				
Period ended 30 September 2008	$4.02	10,050	$3.54	8,850
Unrecognised (proposed and declared amounts)				
Fully paid ordinary shares				
Interim dividend	-	-	8.0c	22,766
Step-up preference securities				
Period ended 31 March 2009	$3.60	9,000	$3.67	9,175

The directors have resolved not to pay an interim dividend in order to apply the cash to reduce debt.

6 Changes in the composition of the consolidated entity

On the 15 September 2008, the consolidated entity acquired the Excell Provisional business.

From the date of acquisition, the business combination has contributed $1,093,610 to the EBITDA of the consolidated entity.

The aggregated fair value of the identifiable assets and liabilities of these are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Receivables	1,983	1,983
Inventory	27	27
Other current assets	684	684
Property, plant and equipment	5,378	5,378
	8,072	8,072
Trade creditors	(1,583)	(1,583)
Employee entitlements	(688)	(688)
Other	(326)	(326)
	(2,597)	(2,597)
Fair value of net assets	5,475	5,475
Profit arising on acquisition	-	
Goodwill arising on acquisition	7,998	
Total consideration paid	13,473	
Consideration:		
Shares issued, at fair value	-	
Costs associated with the acquisition	13,473	
Total consideration paid	13,473	
The cash outflow on acquisition is as follows:		
Net cash acquired with the business	-	
Costs associated with the acquisition	(13,473)	
Paid prior year	-	
	(13,473)	

6 Changes in the composition of the consolidated entity

On the 1 October 2008, the consolidated entity acquired 100% of the shares in Higgins Trading Company Pty Ltd.

From the date of acquisition, the business combination has contributed $214,304 to the EBITDA of the consolidated entity.

The aggregated fair value of the identifiable assets and liabilities of these are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Cash and cash equivalents	676	676
Receivables	1,337	1,337
Prepayments	95	95
Inventory	1,286	1,286
Other current assets	64	64
Property, plant and equipment	1,085	1,085
	4,543	4,543
Trade creditors	(444)	(444)
Employee entitlements	(186)	(186)
Other	(266)	(266)
	(896)	(896)
Fair value of net assets	3,647	3,647
Profit arising on acquisition	-	
Goodwill arising on acquisition	11,461	
Total consideration paid	15,108	
Consideration:		
Shares issued, at fair value	-	
Costs associated with the acquisition	15,108	
Total consideration paid	15,108	
The cash outflow on acquisition is as follows:		
Net cash acquired with the business	676	
Costs associated with the acquisition	(15,108)	
Paid prior year	-	
	(14,432)	

6 Changes in the composition of the consolidated entity (continued)

On the 1 October 2008, the consolidated entity acquired the Aspex Paper business.

From the date of acquisition, the business combination has contributed $675,671 to the EBITDA of the consolidated entity.

The aggregated fair value of the identifiable assets and liabilities of these are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Receivables	-	-
Inventory	676	676
Property, plant and equipment	843	843
	1,519	1,519
Trade creditors	-	-
Employee entitlements	(410)	(410)
Other	(200)	(200)
	(610)	(610)
Fair value of net assets	909	909
Profit arising on acquisition	-	
Goodwill arising on acquisition	5,500	
Total consideration paid	6,409	
Consideration:		
Shares issued, at fair value	-	
Costs associated with the acquisition	6,409	
Total consideration paid	6,409	
The cash outflow on acquisition is as follows:		
Net cash acquired with the business	-	
Costs associated with the acquisition	(6,409)	
Paid prior year	860	
	(5,549)	

6 Changes in the composition of the consolidated entity (continued)

Throughout the half year the consolidated entity has acquired a number of business combinations which are individually immaterial.

The aggregated fair value of the identifiable assets and liabilities of these entities as at their dates of acquisition are:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION $'000	CARRYING VALUE $'000
Receivables	-	-
Inventories	115	115
Investment in associates	1,700	1,700
Other	1,723	1,723
Property, plant and equipment	6,273	6,273
	9,811	9,811
Trade creditors and other payables	-	-
Employee entitlements	(574)	(574)
	(574)	(574)
Fair value of net assets	9,237	9,237
Profit arising on acquisition	-	
Goodwill arising on acquisition	11,399	
Total consideration paid	20,636	
Consideration:		
Shares issued, at fair value	2,456	
Costs associated with the acquisition	18,180	
Minority interests	-	
Total consideration paid	20,636	
The cash outflow on acquisition is as follows:		
Net cash acquired with the business	-	
Costs associated with the acquisition	(18,180)	
Deferred settlement	378	
	(17,802)	

Included in the goodwill recognised on all of the business combinations detailed above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. Assets included in this balance consist of customer loyalty.

A total of 4,651,690 ordinary shares were issued as part settlement of these business combinations. The shares were issued at the three day volume weighted share price prior to settlement date.

The consolidated entity has a history of turning businesses around, and as a result it is impracticable due to the different ownership to measure the contribution the above business combinations would have made to revenue and profit of the consolidated entity for the half-year had the businesses been held for the full period.

6 Changes in the composition of the consolidated entity (continued)

Movement in carrying value of goodwill	2008 $000
Balance at beginning of year	2,002,294
Additions through business combinations (including adjustments to prior year acquisitions)	36,358
Additions through increase in minority interest	1,360
Effect of movements in foreign exchange	41,304
Balance at the end of year	2,081,316

7 Commitments, contingent liabilities and contingent assets

There have been no material changes to the contingent liabilities of the consolidated entity subsequent to the year ended 30 June 2008.

In the opinion of the directors, there are no material contingent liabilities that require disclosure at 31 December 2008.

8 Issued Capital

	31 DECEMBER 2008 $000	30 JUNE 2008 $000
Ordinary shares		
Issued and fully paid	1,041,406	919,450
Step-up preference securities		
Issued and fully paid	249,846	249,846
Convertible notes		
Equity component	51,588	51,951
	1,342,840	1,221,247

Movements in ordinary shares on issue	No. of shares	$000
At 1 July 2008	287,219,707	919,450
Issued on exercise of executive share options	9,086,786	35,731
Issued as part settlement of business combinations	4,651,690	30,802
Issued under Dividend Reinvestment Plan and Underwrite	8,297,105	49,440
Issued as part settlement of convertible notes	1,725,838	6,601
Transaction costs	-	(618)
	310,981,126	1,041,406

Movements in step-up preference securities	No. of shares	$000
At 1 July 2008	2,500,000	249,846
At 31 December 2008	2,500,000	249,846

In addition to the above share issues, Transpacific Industries Group Ltd issued 1,550,000 share options over ordinary shares under its executive share option plan during the half-year reporting period.

9 Financing facilities

At 30 June 2008 the parent and its 100% owned subsidiaries had a number of bank facilities. These facilities consisted of a $2 billion syndicated facility, a $169 million US Private Placement, and $309.1 million convertible notes issue.

These facilities were successfully refinanced during the half-year as follows:

- AUD $2.1 billion syndicated facility.

  The syndicated facility consists of one and three-year tranches, which are subject to annual extensions. An amount of $32.84 million was repaid and cancelled on 12 December 2008. The remaining balances in the one year tranches have been extended during the half-year through to 15 December 2009. The one-year cash advance facility of $317 million (2007: $550 million) has been classified as current borrowings in the financial statements. The three-year tranches mature 15 December 2010.

  Interest rates are variable under the syndicated facility agreement. The Company manages its exposure to floating rate debt by hedging a proportion of its exposure with interest rate swaps.

  At 31 December 2008 $2 billion of this facility was drawn of which $1.9 billion is on balance sheet (the balance is guarantees and letters of credit which are off balance sheet).

- AUD $169 million Senior Guaranteed notes.

  This issue consists of five and ten year notes issued to eight prominent US Institutional Investors. The US Private Placement has been swapped to AUD fixed rate debt.

- AUD $309.1 million (2007: $347.5 million) convertible notes.

  The convertible notes are listed on the Singapore stock exchange. They are subordinated to the senior debt of the group and are convertible to ordinary shares in the company in December 2014. The conversion price of the Notes has been set at AUD14.8648 per ordinary share, subject to adjustment in accordance with the conditions.

  During the half year the Company repurchased convertible notes with a face value of $38.4million, reducing the face value of the convertible notes on issue to $309.1 million.

The Group and the Company can also borrow outside of the facilities detailed above.

Refer to Note 1 for details on a breach of covenants at 31 December 2008.

10 Subsequent events

On 19 February 2009, the Company requested the Australian Securities Exchange (ASX) to grant an immediate voluntary suspension of its ordinary shares. The purpose of the suspension is to allow the Company to complete a review of its capital structure while ensuring the shares do not trade on an uninformed basis. The Company expects it will take up to one month to finalise this review and complete all relevant negotiations before a full and complete update can be provided to the ASX.

With the exception of the above, no matter or circumstance has arisen since 31 December 2008 that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations in future financial years, or the state of affairs of the consolidated entity in subsequent financial years.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes of the consolidated entity set out on pages 5 to 19 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that Transpacific Industries Group Ltd will be able to pay its debts as detailed in Note 1, as and when they become due and payable.

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

T E Peabody
Chairman

T J Coonan
Director

Brisbane, 27 February 2009

Independent auditor's review report to the members of Transpacific Industries Group Limited

We have reviewed the accompanying consolidated half-year financial report ("financial report") which comprises the condensed consolidated balance sheet as at 31 December 2008, and the condensed consolidated income statement, condensed consolidated statement of recognised income and expense, condensed consolidated cash flow statement for the half-year ended on that date, explanatory notes to the financial statements including a statement of significant accounting policies and the directors' declaration of the Transpacific Industries Group Limited Consolidated Entity ("the consolidated entity"). The consolidated entity comprises Transpacific Industries Group Limited ("the company") and the entities it controlled during the half-year period and at the half-year's end.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 "Review of an Interim 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 2008 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 the company, 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*.

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 the Transpacific Industries Group Limited 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 2008 and of its performance for the half-year ended on that date; and

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

Independent auditor's review report to the members of Transpacific Industries Group Limited

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the half-year financial report which describes the covenant default in respect of the US Private Placement holders and the syndicated facility cross default. As a consequence of the defaults, all debt facilities have been classified as current liabilitites at 31 December 2008. These factors indicate the current existence of a material uncertainty as to whether the consolidated entity will continue as a going concern and, therefore, whether the consolidated entity will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Bentleys
Brisbane Partnership

R J Forbes
Partner

Brisbane
27 February 2009