PACT GROUP

ASX ANNOUNCEMENT

DATE: 24 February 2016

Half year Financial Report – 31 December 2015

In accordance with the ASX Listing Rule 4.2A, the documents which follow are for immediate release to the market:

1. Half year Report for the half year ended 31 December 2015 (Appendix 4D).

2. Half year Financial Report including the Directors' Report for the half year ended 31 December 2015.

Interim Dividend

The Directors have determined an interim dividend for the six months to 31 December 2015 of 10 cents per share which will be franked to 65%. The record date for determining entitlements is 7 March 2016. The interim dividend will be paid on 6 April 2016.

The information contained in this release should be read in conjunction with the Company's most recent annual financial report.

For further information, contact:

NAME:	Richard Betts
POSITION:	Chief Financial Officer
CONTACT NUMBER:	+61 3 8825 4100

PACT GROUP HOLDINGS LTD
ABN 55 145 989 644

Level 1, Building 6,
650 Church Street, Richmond VIC 3121 Australia
P +61 3 8825 4100 **F** +61 3 9815 8388 **W** pactgroup.com.au

APPENDIX 4D

Pact Group Holdings Ltd
ABN 55 145 989 644
Half Year Report

1. Details of the reporting period and the previous corresponding period

Reporting Period:	Previous Corresponding Period:
Half Year ended 31 December 2015	**Half Year ended 31 December 2014**

2. Results for announcement to the market

	31 Dec 2015 $'000	**31 Dec 2014 $'000**	**% Change**
2.1 Revenue from ordinary activities(1)	690,621	637,026	8.41%
2.2 Net profit from ordinary activities after tax attributable to members(1)	41,857	41,789	0.16%
2.3 Net profit for the period attributable to members(1)	41,857	41,789	0.16%

Dividends	**Amount per security**	**Franked amount per security**	**Unfranked amount per security sourced from the conduit foreign income account**	**Total Dividend amount $'000**	**Date paid / payable**
2.4 Current year to 31 December 2015 Interim Dividend (per ordinary share) (1)	10.00 cents	6.50 cents	3.50 cents	29,456	6 April 2016
2.4 Prior Year to 30 June 2015 Final Dividend (per ordinary share)	10.00 cents	6.50 cents	3.50 cents	29,456	5 October 2015
Interim Dividend (per ordinary share)	9.50 cents	0.00 cents	9.50 cents	27,944	2 April 2015
2.5 Record date for determining entitlements to the 2016 interim dividend:	7 March 2016				
Comments					
(1) Refer to the Half Year Condensed Consolidated Financial Report, the Media Release and Results Presentation released today for further explanations of the figures presented in 2.1 – 2.4 above.					

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3. Net tangible assets

	31 December 2015	31 December 2014
Net tangible asset backing per ordinary security	$(0.15)	$(0.04)

4. Control gained or lost over entities during the period having a material effect

Refer to the Half Year Condensed Consolidated Financial Report, Note 17 Business Combinations. There were no business disposals during the half year period.

5. Details of individual dividends and payment dates

Refer to sections 2.4 and 2.5 above and the Half Year Condensed Consolidated Financial Report, Note 16 Dividends.

6. Details of dividend reinvestment plan

There is a dividend reinvestment plan (DRP), however, the Directors have determined not to activate the DRP at this time.

7. Details of associates and joint venture entities

At 31 December 2015 the Group held the following investments in associates:

Name of associate	Percentage Holding
Changzhou Viscount Oriental Mould Co Ltd	40%
Spraypac products (NZ) Ltd	50%
Weener Plastop Asia Inc	50%
Gempack Asia Ltd	50%

There have been no material changes in Investments in Associates in the six months ended 31 December 2015. The results of the above operations are not material to the Group.

8. For foreign entities, which set of accounting standards is used in compiling the report

For foreign entities International Financial Reporting Standards are used in compiling this report.

9. Independent review report

The Half Year Condensed Consolidated Financial Report is not subject to an independent audit review report that is subject to a modified opinion, emphasis of matter or other matter paragraph. A copy of the review report is included in the Half Year Condensed Consolidated Financial Report attached.

Penny Grau

Penny Grau
Company Secretary

Dated: 24 February 2016

HALF YEAR CONDENSED CONSOLIDATED FINANCIAL REPORT

For the period ended 31 December 2015

Pact Group Holdings Ltd
ABN: 55 145 989 644

Half Year Condensed Consolidated Financial Report
For the period ended 31 December 2015

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Pact Group Holdings Ltd ("Pact" or the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2015 (the "Group").

DIRECTORS

The following persons were Directors of the Company from the start of the half year and up to the date of this report, unless otherwise stated:

Non-Executive:

Raphael Geminder – Chairman

Lyndsey Cattermole AM

Tony Hodgson AM (ceased 30 September 2015)

Peter Margin

Jonathan Ling

Ray Horsburgh (appointed 5 October 2015)

Executive:

Malcolm Bundey – Managing Director and Chief Executive Officer (appointed 1 December 2015)

Brian Cridland – Managing Director and Chief Executive Officer (ceased 1 December 2015)

PRINCIPAL ACTIVITIES

The Group's principal activities relate to the conversion of plastic resin and steel into packaging (rigid plastic and steel) and other products that service customers in sectors including: food and beverage, personal care, household consumer, industrial and chemical, and materials handling and infrastructure. The Group also provides a range of services including out-sourced manufacturing, filling and packing and a range of sustainability, recycling and environmental services to assist customers in reducing the environmental impact of their product packaging and related processes.

REVIEW OF RESULTS AND OPERATIONS

Group Results

The Group delivered sales revenue growth of 8.4% and EBIT (before significant items) growth of 4.3%. Net profit after tax attributable to shareholders for the first half was $41.9 million, compared to $41.8 million in the prior corresponding period (pcp).

Half year ended 31 December, A$ in millions	31 December 2015	31 December 2014
Sales revenue	688.2	635.0
Other revenue (excluding interest revenue)	2.4	2.0
Total revenue (excluding interest revenue)	**690.6**	**637.0**
Expenses	(581.2)	(532.2)
Depreciation and amortisation	(29.4)	(28.1)
EBIT (before significant items)[(1)]	**80.0**	**76.7**
EBIT margin (before significant items)	*11.6%*	*12.1%*
Significant items (before tax)	(5.4)	-
EBIT	**74.6**	**76.7**
Net finance expense	(15.5)	(16.8)
Income tax expense	(18.6)	(18.1)
Significant tax items	1.4	-
Net profit after tax attributable to shareholders	**41.9**	**41.8**

(1) EBIT (before significant items) is a non-IFRS financial measure which is calculated as earnings before significant items, finance costs, net of interest revenue and tax

Sales Revenue

Group sales revenue increased by $53.2 million (8.4%) to $688.2 million compared to the prior corresponding period. Sales growth was driven by acquisitions, delivering $81 million in additional sales in the period, including Jalco, a contract manufacturing, filling and packing business acquired in September 2015, smaller bolt-on acquisitions made towards the end of the last financial year, and an additional 5 weeks contribution from the Sulo business acquired in August 2014. Movements in exchange rates also had a favourable impact. These benefits were partly offset by lower underlying volumes in the agricultural and dairy sectors, lower demand in the industrial sector due to weaker mining markets, and net contract losses during the period. Demand across most of the Group’s other sectors was also subdued.

EBIT (before significant items)

The Group reported EBIT (before significant items) of $80.0 million, representing a 4.3% increase over the pcp, with the benefit of acquisitions (+$3.6 million) and the delivery of efficiency (+$2.8 million) only partly offset by lower volumes (-$3.4 million). Focus on lowering the Group’s cost of production remained a key priority and during the period significant progress was made in implementing the Efficiency Program announced in 2015. The EBIT growth in the period, delivered in challenging market conditions, demonstrates the resilience of the business and the benefits of diversification.

EBIT margins in the underlying businesses were well maintained. Although EBIT margins declined to 11.6% from 12.1%, this was primarily due to lower margins in the acquired businesses. Resin prices, in Australian dollar terms, were steady and costs were well controlled.

Significant Items

Pre-tax significant items for the half year were an expense of $5.4 million. This related to costs associated with the Efficiency Program ($4.0 million), which the Group announced in FY2015, and acquisition costs ($1.4 million).

Net Finance Expense

Net financing costs for the period were $15.5 million, a decrease of $1.3 million versus the prior corresponding period. The reduction in net finance costs compared to the prior corresponding period reflect the beneficial impact of the refinancing completed in June 2015, the securitisation program, also established in June 2015, and reductions in market interest rates.

Income Tax Expense

The income tax expense for the half year (including significant tax items) was $17.2 million which represents an average tax rate of 29.2% of net profit before tax (pcp: 30.2%), in line with the statutory tax rates payable by the Group across its main operating geographies.

Net Profit after Tax

Group net profit after tax attributable to shareholders for the first half was $41.9 million compared to $41.8 million in the prior corresponding period. Excluding significant items, net profit after tax attributable to shareholders was $45.9 million, an increase of $4.1 million over the pcp.

Balance Sheet

Net debt at the end of the period was $568.8 million. This was an increase of $128.5 million versus 30 June 2015, impacted by funding requirements of $79.8m for acquisitions (including $72.6 million for Jalco and $7.2 million deferred payment for Sulo), and an increase in working capital in line with the normal seasonal requirements of the business.

The Group's balance sheet remains strong, with net debt down by $52.2 million (8%) versus 31 December 2014. Spend on acquisitions of $90.7 million (including $10.9 million on smaller bolt-on acquisitions late in FY2015), was more than offset by the benefit of the debtor's securitisation program ($103 million) and other net cash inflows ($39.9m).

Gearing (closing net debt / 12 month rolling EBITDA) at the end of the period was 2.7 times, which improved on 3.1 times at 31 December 2014, and was well within Management's target range. Current debt facilities comprise of a A$590 million facility and a NZ$180 million facility, each equally split between a tranche maturing in July 2018 and a tranche maturing in July 2020. Average tenor is 3.5 years. Unused facilities at 31 December 2015 were $154 million.

Operating Cash Flow

Statutory operating cash flow was $21.8 million for the period, $3.3 million lower than the prior corresponding period due to higher income tax and interest payments of $11.3 million (payment timing), offset by proceeds from the securitisation program of $6.1 million and stronger EBITDA performance.

Review of operations

A$ in millions	31 December 2015	31 December 2014	Change %
Sales Revenue			
Pact Australia	509.0	451.1	12.8%
Pact International	179.2	183.9	(2.6%)
Total	**688.2**	**635.0**	**8.4%**
EBIT (before significant items)(1)			
Pact Australia	44.9	40.3	11.4%
Pact International	35.1	36.4	(3.6%)
Total	**80.0**	**76.7**	**4.3%**

(1) EBIT (before significant items) is a non-IFRS financial measure which is used to measure segment performance and has been extracted from the segment information disclosed in the Half Year Condensed Consolidated Financial Report. EBIT is calculated as earnings before finance costs, net of interest revenue, and tax.

Pact Australia

Pact Australia comprises the Group's operations in Australia where it has manufacturing plants in New South Wales, Victoria, Tasmania, Queensland and Western Australia. Pact Australia contributed 74% of the Group's total sales revenue in the first half of FY16.

Pact Australia achieved growth in both sales revenue and EBIT before significant items in the first half of the financial year.

Sales revenue grew by $57.9 million compared to the prior corresponding period, or 12.8%, positively impacted by acquisitions. Excluding acquisitions, volumes were lower. Volume growth in the materials handling sector was offset by weaker demand from the agricultural and industrial sectors, impacted by unfavourable weather conditions and weaker mining markets, and the impact of net contract losses. Underlying demand was also subdued.

EBIT (before significant items) for the half was $44.9 million, up $4.6 million or 11.4% from the pcp. Earnings growth was delivered through acquisitions and efficiency improvements delivered through the 2015 Efficiency Program, which more than offset the impact of lower underlying volumes. EBIT margin at 8.8% was slightly lower than 8.9% in the prior corresponding period, negatively impacted by lower margins in the acquired businesses. Margins are expected to improve as integration is completed and cost synergies are delivered. Excluding acquisitions, underlying margins improved.

Pact International

Pact International comprises the Group's operations in New Zealand, China, the Philippines, Singapore, Indonesia and Thailand. Revenue sourced from these regions contributed 26% of the Group's total sales revenue in the first half of FY16.

Both sales revenue and EBIT were lower for Pact International in the first half of the year, largely due to weaker market conditions.

Sales revenue of $179.2 million was $4.7 million, or 2.6% down on the prior corresponding period. The business achieved higher volumes in the materials handling sector through the supply of industrial crates, and benefitted from favourable foreign currency translation impacts in the period. This was more than offset, however, by weaker demand from the agricultural, dairy and industrial sectors.

EBIT (before significant items) at $35.1 million was down $1.3 million, or 3.6% on the prior corresponding period, impacted by lower volumes and costs associated with the start-up of the new plant in Indonesia. EBIT margins remained strong at 19.6%, slightly lower than the 19.8% achieved in the pcp, impacted by unfavourable sales mix and start-up costs in Indonesia.

DIVIDENDS

The Directors have determined to pay an interim dividend of 10.0 cents per ordinary share partially franked to 65%. This is 5.3% higher than the 9.5 cents interim dividend paid in FY2015.

The dividend is payable on 6 April 2016. The record date for entitlement to the dividend is 7 March 2016.

A 2015 final dividend of 10.0 cents per ordinary share franked to 65% per ordinary share was paid by the Company on 5 October 2015.

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 at page 6.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Board of Directors.

Raphael Geminder
Chairman

Malcolm Bundey
Managing Director and Chief Executive Officer

Dated: 24 February 2016

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor’s Independence Declaration to the Directors of Pact Group Holdings Ltd

As lead auditor for the review of Pact Group Holdings Ltd for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of Pact Group Holdings Ltd and the entities it controlled during the financial period.

Ernst & Young

Glenn Carmody
Partner
Melbourne
24 February 2016

Half Year Condensed Consolidated Statement of Comprehensive Income

For the period ended 31 December 2015

	Notes	31 December 2015 $'000's	31 December 2014 $'000's
Sales revenue	**3 (a)**	**688,202**	**635,015**
Raw materials and consumables used		**(296,397)**	(273,650)
Employee benefits expense		**(166,163)**	(146,981)
Occupancy, repair and maintenance, administration and selling expenses		**(120,236)**	(112,539)
Interest and other income	**3 (a)**	**2,419**	2,011
Other (losses)/ gains	**3 (c)**	**(4,625)**	327
Depreciation and amortisation expense	**3 (b)**	**(29,367)**	(28,132)
Total finance costs & loss on derecognition of financial assets	**3 (b)**	**(15,540)**	(16,869)
Share of profit in associates		**839**	687
Profit before income tax expense		**59,132**	**59,869**
Income tax expense	**4**	**(17,282)**	(18,055)
Net Profit for the period		**41,850**	**41,814**
Net Loss/(Profit) attributable to non-controlling interest		**7**	(25)
Net Profit attributable to equity holders of the parent entity	**15**	**41,857**	**41,789**

Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Losses from cash flow hedges taken to equity		**(768)**	(1,290)
Foreign currency translation gains		**5,974**	10,126
Income tax on items in other comprehensive income		**230**	387
Other comprehensive income for the period, net of tax		**5,436**	9,223
Total comprehensive income for the period		**47,286**	**51,037**

Attributable to:			
Equity holders of the parent entity		**47,293**	51,012
Non-controlling interest		**(7)**	25
Total comprehensive income for the Group		**47,286**	**51,037**

Earnings per share		$	$
Basic / diluted earnings per share	**20**	**0.14**	0.14

The Half Year Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Half Year Condensed Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	31 December 2015 $'000's	30 June 2015 $'000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**32,690**	32,612
Trade and other receivables	6	**128,197**	93,685
Inventories	7	**140,715**	117,492
Other current financial assets	18	**165**	1,657
Prepayments		**11,628**	7,763
TOTAL CURRENT ASSETS		**313,395**	**253,209**
NON-CURRENT ASSETS			
Prepayments		**693**	935
Property, plant and equipment	8	**560,299**	541,473
Investments in associates and joint ventures		**15,399**	14,639
Intangible assets and goodwill	9	**389,435**	340,069
Deferred tax assets		**34,783**	26,778
TOTAL NON-CURRENT ASSETS		**1,000,609**	**923,894**
TOTAL ASSETS		**1,314,004**	**1,177,103**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**246,710**	267,532
Provisions	11	**38,538**	38,139
Other current financial liabilities	18	**1,773**	187
TOTAL CURRENT LIABILITIES		**287,021**	**305,858**
NON-CURRENT LIABILITIES			
Provisions	11	**33,986**	28,504
Interest-bearing loans and borrowings	12	**601,475**	472,900
Other non-current financial liabilities	18	**3,304**	3,327
Deferred tax liabilities		**44,149**	39,645
TOTAL NON-CURRENT LIABILITIES		**682,914**	**544,376**
TOTAL LIABILITIES		**969,935**	**850,234**
NET ASSETS		**344,069**	**326,869**
EQUITY			
Contributed equity	13	**1,491,497**	1,491,497
Reserves	14	**(904,345)**	(909,781)
Retained earnings	15	**(243,083)**	(255,157)
Parent entity interest		**344,069**	**326,559**
Non-controlling interest		**-**	310
TOTAL EQUITY		**344,069**	**326,869**

The Half Year Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Half Year Condensed Consolidated Statement of Changes in Equity

For the period ended 31 December 2015

	Contributed equity	Common control reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings[1]	Total	Non-controlling interests	Total equity
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
Half year ended 31 December 2015								
As at 1 July 2015	**1,491,497**	**(928,385)**	**(1,790)**	**20,394**	**(255,157)**	**326,559**	**310**	**326,869**
Profit for the period	-	-	-	-	41,857	41,857	(7)	41,850
Other comprehensive income / (loss)	-	-	(538)	5,974	-	5,436	-	5,436
Total comprehensive income	**-**	**-**	**(538)**	**5,974**	**41,857**	**47,293**	**(7)**	**47,286**
Acquisition of non-controlling interests	-	-	-	-	(327)	(327)	-	(327)
Dividends paid	-	-	-	-	(29,456)	(29,456)	(303)	(29,759)
Transaction with owners in their capacity as owners	**-**	**-**	**-**	-	**(29,783)**	**(29,783)**	**(303)**	**(30,086)**
As at 31 December 2015	**1,491,497**	**(928,385)**	**(2,328)**	**26,368**	**(243,083)**	**344,069**	**-**	**344,069**
Half year ended 31 December 2014								
As at 1 July 2014	**1,489,597**	**(928,385)**	**(630)**	**13,358**	**(266,906)**	**307,034**	**251**	**307,285**
Profit for the period	-	-	-	-	41,789	41,789	25	41,814
Other comprehensive income / (loss)	-	-	(903)	10,126	-	9,223	-	9,223
Total comprehensive income	**-**	**-**	**(903)**	**10,126**	**41,789**	**51,012**	**25**	**51,037**
Issuance of share capital	200	-	-	-	-	200	-	200
Dividends paid	-	-	-	-	(27,939)	(27,939)	-	(27,939)
Transaction with owners in their capacity as owners	200	-	-	-	**(27,939)**	**(27,739)**	-	**(27,739)**
As at 31 December 2014	**1,489,797**	**(928,385)**	**(1,533)**	**23,484**	**(253,056)**	**330,307**	**276**	**330,583**

[1] Includes the profits reserve of the parent entity

The above Half Year Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Half Year Condensed Consolidated Statement of Cash Flows

For the period ended 31 December 2015

	Notes	31 December 2015 $'000's	31 December 2014 $'000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**272,920**	657,571
Receipts from securitisation program[1]		**464,473**	-
Payments to suppliers and employees		**(686,743)**	(608,725)
Income tax paid		**(18,293)**	(12,095)
Interest received		**67**	23
Proceeds from securitisation of trade debtors		**6,146**	-
Borrowing, trade debtor securitisation and other finance costs paid		**(16,797)**	(11,694)
Net cash flows from operating activities		**21,773**	**25,080**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(28,943)**	(24,936)
Proceeds on sale of property, plant and equipment		**1,451**	37
Loans to joint ventures & associates		**(5,747)**	-
Dividends received		**1,578**	332
Payments for businesses and subsidiaries, net of cash acquired	17	**(79,868)**	(24,085)
Payment for non-controlling interest		**(327)**	-
Net cash flows used in investing activities		**(111,856)**	**(48,652)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**222,000**	118,537
Repayment of borrowings		**(103,000)**	(65,096)
Payment of Dividend		**(29,456)**	(27,939)
Payment of Dividend to non-controlling interest		**(303)**	-
Net cash flows from financing activities		**89,241**	**25,502**
Net (decrease)/ increase in cash and cash equivalents		**(842)**	1,930
Cash and cash equivalents at the beginning of the year		**32,612**	24,227
Effect of exchange rate changes on cash and cash equivalents		**920**	1,372
Cash and cash equivalents at the end of the period	5	**32,690**	**27,529**

(1) Represents receipts from customers paid into the securitisation program entered into on the 22 June 2015.

The Half Year Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2015

NOTE 1: CORPORATE INFORMATION

Pact Group Holdings Ltd ("Pact" or the "Company") is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. This half year condensed consolidated Financial Report includes the financial statements of the Company and the entities it controlled at the end of, or during the six months ended 31 December 2015 (the "Group"), and was issued in accordance with a resolution of the Directors on 24 February 2016. The parent of the Group is Pact Group Holdings Ltd.

The Group's principal activities relate to the conversion of plastic resin and steel into packaging (rigid plastic and steel) and other products that service customers in sectors including: food and beverage, personal care, household consumer, industrial and chemical, and materials handling and infrastructure. The Group also provides a range of services including out-sourced manufacturing, filling and packing and a range of sustainability, recycling and environmental services to assist its customers in reducing the environmental impact of their product packaging and related processes.

The Company's registered office is at Level 1, Building 6, 650 Church Street, Richmond, Victoria, Australia.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half year condensed consolidated financial statements for the six months ended 31 December 2015 have been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year condensed consolidated Financial Report does not include all of the information required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended 30 June 2015 and any public announcements made by the Group during the half year in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The consolidated entity is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the condensed consolidated Financial Report have been rounded off to the nearest $1,000, unless otherwise specifically stated.

The accounting policies adopted are consistent with those of the previous financial year and prior corresponding half year reporting period, except as set out below:

(b) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended are outlined below. The Group has assessed whether there is a material impact on the condensed consolidated Financial Report for the half year, and also whether there is a requirement to restate prior year comparatives. The outcomes of this assessment are described below.

► **Accounting Standards and Interpretations which have been issued and are effective**

There were no accounting standards applicable for the first time for the 31 December 2015 half year condensed consolidated Financial Report.

► **Accounting Standards and Interpretations which have been issued but not yet effective**

The following standards, interpretations and amendments below that have been issued but are not yet effective have not been early adopted by the Group as at 31 December 2015.

AASB 9: *Financial Instruments* - On 17 December 2014 the AASB issued the final version of AASB 9 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application.

The final version of AASB 9 introduced a new expected-loss impairment model that requires a more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timely basis. It also includes the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

► **Accounting Standards and Interpretations which have been issued but not yet effective (continued)**

AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described below:

- ► Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- ► Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in the Consolidated Statement of Comprehensive Income and there is no impairment or recycling on disposal of the instrument.
- ► Financial assets can be designated and measured at fair value through the Consolidated Statement of Comprehensive Income at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- ► Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
  - The remaining change is presented in the Consolidated Statement of Comprehensive Income. AASB 9 also removes the volatility in the Consolidated Statement of Comprehensive Income that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in the Consolidated Statement of Comprehensive Income.

When applicable, this amendment is not expected to have a material impact on the Group.

AASB 2015-2: *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*
This standard makes amendments to AASB 101: *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

When applicable, this amendment is not expected to have a material impact on the Group.

AASB 15: *Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15: *Revenue from Contracts with Customers*, which replaces IAS 11: *Construction Contracts*, IAS 18: *Revenue* and related Interpretations (IFRIC *13*: *Customer Loyalty Programmes*, IFRIC 15: *Agreements for the Construction of Real Estate,* IFRIC 18: *Transfers of Assets from Customers* and SIC-31: *Revenue—Barter Transactions Involving Advertising Services*).

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted. The International Accounting Standards Board (IASB) has amended IFRS 15, to an application date of 1 January 2018 and will be applied by the Group commencing 1 July 2018. Management is assessing the impact of IFRS 15.

IFRS16: *Leases* – Issued January 2016. IFRS 16: *Leases* will replace IAS 17: *Leases*, and the new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15: *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as IFRS 16.

The key features of IFRS 16 are that for lessees they will be required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Further, assets and liabilities arising from a lease will be initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

► **Accounting Standards and Interpretations which have been issued but not yet effective (continued)**

IFRS 16: *Leases* also contains disclosure requirements for lessees.

For lessors, IFRS 16 substantially carries forward the lessor accounting requirements from IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. Further, IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

Management is assessing the impact of IFRS 16.

NOTE 3: REVENUE AND EXPENSES

	31 December 2015	31 December 2014
	$'000's	$'000's
(a) Revenue		
Sales revenue	**688,202**	635,015
Interest income	**67**	39
Other income		
Management fees received	**184**	250
Sundry income items	**2,168**	1,722
Total other income	**2,352**	**1,972**
Total interest & other income	**2,419**	**2,011**
Total sales revenue, interest & other income	**690,621**	**637,026**
(b) Expenses		
Depreciation		
Depreciation of buildings - freehold	**83**	30
Depreciation of buildings - leasehold	**1,797**	1,230
Depreciation of plant & equipment	**27,443**	26,771
Total depreciation	**29,323**	**28,031**
Amortisation		
Amortisation of patents, trademarks and licences	**44**	101
Total amortisation	**44**	**101**
Total depreciation and amortisation expense	**29,367**	**28,132**
Finance costs		
Interest on Syndicated Facility Agreement	**12,131**	15,890
Interest rate swap	**809**	-
Amortisation of Securitisation Program costs[1]	**286**	-
Interest on overdraft facility	**144**	316
Finance charges payable on finance lease and hire purchase contracts	**-**	38
Borrowing costs amortisation	**716**	566
Property make good provision discount adjustment	**35**	59
Total finance costs	**14,121**	**16,869**
Loss on de-recognition of financial assets[1]	**1,419**	**-**
Total finance costs & loss on de-recognition of financial assets	**15,540**	**16,869**

[1] Represents costs associated with the securitisation program, that have been recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2015

NOTE 3: REVENUE AND EXPENSES (CONTINUED)

	31 December 2015 $'000's	31 December 2014 $'000's
(c) Significant items and other gains / (losses) before tax		
Significant items[1]		
Acquisition related costs[2]	**(1,389)**	-
Business Reorganisation Program		
- restructuring costs[3]	**(2,628)**	-
- asset write downs[3]	**(1,381)**	-
Total significant items	**(5,398)**	-
Other gains / (losses)		
Unrealised (losses)/ gains on revaluation of foreign exchange forward contracts	**(63)**	71
Gains/ (losses) on sale of property, plant and equipment[4]	**424**	(29)
Realised net foreign exchange gains	**412**	285
Total other gains	**773**	**327**
Total significant items and other (losses)/ gains before tax	**(4,625)**	**327**

(1) Total significant items after tax are as follows:

Significant items in other losses before tax	**(5,398)**	-
Tax benefit on significant items in other gains / (losses) before tax	**1,349**	-
Total significant items after tax	**(4,049)**	**-**

(2) Acquisition related costs includes stamp duty and professional fees associated with business acquisitions.

(3) The Business Reorganisation Program relates to the optimisation of business facilities across the Group.

(4) (Loss) / gain on sale of property, plant and equipment is determined as follows:

Proceeds on sale of property, plant and equipment	**1,451**	37
Carrying amount of property, plant and equipment disposed	**(1,027)**	(66)
Profit/ (Loss) on disposal of property, plant and equipment	**424**	**(29)**

NOTE 4: INCOME TAX

	31 December 2015 $'000's	31 December 2014 $'000's
Statement of Comprehensive Income		
The major components of income tax expense are:		
Current year income tax expense	**14,098**	12,443
Adjustments in respect of previous years income tax	**(11)**	7
Deferred income tax expense	**3,195**	5,605
Income tax expense reported in the Consolidated Statement of Comprehensive Income	**17,282**	**18,055**
Statement of Changes in Equity		
Deferred income tax relating to items charged directly to equity:		
Net loss on interest rate and foreign exchange hedging instruments	**230**	387
Income tax benefit charged direct to equity	**230**	**387**

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	31 December 2015 $'000's	31 December 2014 $'000's
Accounting profit before tax	**59,132**	59,869
Income tax calculated at 30% (2014: 30%)	**17,740**	17,961
Adjustments in respect of income tax of previous years	**(11)**	7
Non assessable income	**(245)**	(217)
Non deductible expenses for tax purposes:		
- Withholding tax	**-**	520
- Acquisition costs	**241**	218
- Other	**236**	125
Other	**(44)**	-
Overseas tax rate differential	**(635)**	(559)
Income tax expense reported in the Consolidated Statement of Comprehensive Income	**17,282**	**18,055**

Australian Tax Consolidated Group
The Company notified the ATO of its election to form a tax consolidated group with each of its wholly owned Australian resident subsidiaries with effect from 1 January 2014. As a consequence, all members of the tax consolidated group are taxed as a single entity from this date

The Jalco group of companies joined the Australian consolidated tax group on 1 September 2015 (refer Note 17).

Note 5: CASH AND CASH EQUIVALENTS

	31 December 2015 $'000's	30 June 2015 $'000's
Cash and cash equivalents	**32,690**	**32,612**

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2015

NOTE 6: TRADE AND OTHER RECEIVABLES

	31 December 2015	30 June 2015
	$'000's	$'000's
CURRENT		
Trade receivables	**90,184**	50,559
Allowance for impairment loss	**(480)**	(318)
Other receivables	**38,493**	43,444
Total current trade and other receivables	**128,197**	**93,685**

NOTE 7: INVENTORIES

	31 December 2015	30 June 2015
	$'000's	$'000's
Raw materials and stores	**60,946**	49,103
Work in progress	**19,554**	15,290
Finished goods	**60,215**	53,099
Total inventories	**140,715**	**117,492**

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

31 December 2015 $'000's

Represented by:	Property	Plant and equipment	Capital work in progress	Total
At cost	53,098	1,006,545	36,920	1,096,563
Accumulated depreciation	(15,189)	(521,075)	-	(536,264)
Net carrying amount	**37,909**	**485,470**	**36,920**	**560,299**

30 June 2015 $'000's

Represented by:	Property	Plant and equipment	Capital work in progress	Total
At cost	53,111	924,150	27,696	1,004,957
Accumulated depreciation	(13,680)	(449,804)	-	(463,484)
Net carrying amount	**39,431**	**474,346**	**27,696**	**541,473**

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2015

NOTE 9: INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amounts at the beginning and end of period are as follows:

	Patents, trademarks and licences	Goodwill	Total
	$'000's	$'000's	$'000's
Half year ended 31 December 2015			
At 1 July 2015 net of accumulated amortisation and impairment	**2,849**	**337,220**	**340,069**
Additions	20	-	20
Intangible assets arising on acquisitions (Note 17)	1,500	40,020	41,520
Foreign exchange translation movements	(39)	7,909	7,870
Amortisation	(44)	-	(44)
At 31 December 2015 net of accumulated amortisation and impairment	**4,286**	**385,149**	**389,435**
Represented by:			
At cost	5,657	385,149	390,806
Accumulated amortisation and impairment	(1,371)	-	(1,371)
Net carrying amount	**4,286**	**385,149**	**389,435**
Year ended 30 June 2015			
At 1 July 2014 net of accumulated amortisation and impairment	**917**	**326,210**	**327,127**
Additions	14	-	14
Intangible assets arising on acquisitions (Note 17)	2,146	17,426	19,572
Foreign exchange translation movements	(26)	(6,416)	(6,442)
Amortisation	(202)	-	(202)
At 30 June 2015 net of accumulated amortisation and impairment	**2,849**	**337,220**	**340,069**
Represented by:			
At cost	4,006	337,220	341,226
Accumulated amortisation and impairment	(1,157)	-	(1,157)
Net carrying amount	**2,849**	**337,220**	**340,069**

Patents, trademarks and licences

Patents, trademarks and licences are carried at cost less accumulated amortisation and accumulated impairment losses. They have a finite life and are amortised using the straight line method over their useful life.

Intangible assets arising on acquisition

Goodwill acquired in a business combination is initially measured at cost being the excess of the consideration paid over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the half year, there were no indicators of impairment and no impairment losses recognised.

NOTE 10: TRADE AND OTHER PAYABLES

	31 December 2015	30 June 2015
	$'000's	$'000's
CURRENT		
Trade payables	**205,592**	188,969
Other payables	**38,740**	72,465
Income tax payable	**2,378**	6,098
Total current trade and other payables	**246,710**	**267,532**

NOTE 11: PROVISIONS

	31 December 2015	30 June 2015
	$'000's	$'000's
CURRENT		
Annual leave	**17,159**	14,397
Long service leave	**11,323**	11,759
Business reorganisation program	**9,625**	11,224
Other	**431**	759
Total current provisions	**38,538**	**38,139**

	31 December 2015	30 June 2015
	$'000's	$'000's
NON-CURRENT		
Long service leave	**10,750**	7,012
Fixed rent	**10,773**	9,882
Make good on leased premises	**12,463**	11,610
Total non-current provisions	**33,986**	**28,504**

Nature of provisions

Business reorganisation provisions

The Business Reorganisation Program relates to optimisation of business facilities by eliminating excess capacity.

Fixed rent

Annual rentals for some of the property operating leases increase annually by fixed increments. The provision has been recognised to spread these increments on a straight line basis over the minimum non-cancellable lease term.

Make good on leased premises

In accordance with the form of lease agreement, the Group may be required to restore the leased premises to their original condition at the end of the lease term and upon exiting the site. The provision is based on the costs which are expected to be incurred using historical costs as a guide.

NOTE 12: INTEREST BEARING LOANS AND BORROWINGS

	31 December 2015 $'000's	30 June 2015 $'000's
NON-CURRENT		
Syndicated Facility Agreement A Tranche 1 [(1)]	**295,000**	295,000
Syndicated Facility Agreement A Tranche 2 [(1)]	**141,000**	22,000
Syndicated Facility Agreement B Tranche 1 [(1)]	**84,404**	79,766
Syndicated Facility Agreement B Tranche 2 [(1)]	**84,404**	79,766
Capitalised borrowing costs	**(3,333)**	(3,632)
Total non-current interest bearing loans and borrowings	**601,475**	**472,900**

[(1)] On 22 June 2015, the Group revised and extended its syndicated debt facilities, comprising a A$590m facility (loans A above) and a NZ$180m facility (loans B above). The size of the facilities remained unchanged, each facility is split between a 3 year tranche maturing July 2018 and a 5 year tranche maturing in July 2020.

(a) Fair values

Fair values of the Group's interest-bearing loans and borrowings are determined by using a discounted cash flow method, applying a discount rate that reflects the issuer's borrowing rate at the end of the reporting period. The Group's own performance risk at 31 December 2015 was assessed to be insignificant.

The carrying amount and fair value of the Group's current and non-current borrowings are as follows:

	31 December 2015 $'000's		30 June 2015 $'000's	
	Carrying Value	Fair Value	Carrying Value	Fair Value[(2)]
Syndicated Facility Agreement A Tranche 1	**295,000**	**295,000**	295,000	295,000
Syndicated Facility Agreement A Tranche 2	**141,000**	**141,000**	22,000	22,000
Syndicated Facility Agreement B Tranche 1	**84,404**	**84,404**	79,766	79,766
Syndicated Facility Agreement B Tranche 2	**84,404**	**84,404**	79,766	79,766
Total borrowings	**604,808**	**604,808**	**476,532**	**476,532**

(b) Defaults and breaches

During the current and prior half year, there were no defaults or breaches on any of the loan terms and conditions.

NOTE 13: CONTRIBUTED EQUITY

	31 December 2015 $'000's	30 June 2015 $'000's
Issued and paid up capital		
Ordinary shares fully paid	**1,491,497**	**1,491,497**

	31 December 2015 $'000's		31 December 2014 $'000's	
	Number of shares	$'000's	Number of shares	$'000's
Movements in contributed equity during the half year				
Ordinary shares:				
Beginning of the period	**294,555,855**	**1,491,497**	294,097,961	1,489,597
Issued during the period	**-**	**-**	457,894	1,900
End of the period	**294,555,855**	**1,491,497**	**294,555,855**	**1,491,497**

(a) Terms and conditions of contributed equity

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

NOTE 14: RESERVES

	31 December 2015	30 June 2015
	$'000's	$'000's
Foreign currency translation reserve	**26,368**	20,394
Cash flow hedge reserve	**(2,328)**	(1,790)
Common control reserve	**(928,385)**	(928,385)
Total reserves	**(904,345)**	**(909,781)**

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign exchange fluctuations arising from the translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument and the related transaction in a cash flow hedge that are determined to be an effective relationship.

Refer to Note 18 for further disclosure on forward exchange contracts designated in cash flow hedge relationships.

Common control reserve

The common control reserve of $928.4 million includes a balance of $942.0 million that arose through a Group restructure in the financial year ended 30 June 2011, less $13.6 million in relation to the acquisition of Viscount Plastics (China) Pty Ltd and Asia Peak Pte Ltd in the year ended 30 June 2014.

NOTE 15: RETAINED EARNINGS

	31 December 2015	30 June 2015
	$'000's	$'000's
Retained losses at the beginning of the financial year	**(255,157)**	(266,906)
Net profit attributed to members of the Group	41,857	67,632
Dividends paid	(29,456)	(55,883)
Acquisition of non-controlling interests	(327)	-
Retained losses at the end of the reporting period	**(243,083)**	**(255,157)**

NOTE 16: DIVIDENDS

	31 December 2015	31 December 2014
	$'000's	$'000's
(a) Dividends paid		
Dividends paid during the half year	**29,456**	**27,939**

(b) Dividends not recognised at 31 December 2015

Since the end of the period the directors have determined payment of a 65% franked interim dividend of 10.0 cents per ordinary share (31 December 2014: 9.5 cents). The interim dividend is expected to be paid on 6 April 2016.

Based on the number of shares on issue at reporting date, the aggregate amount of the proposed dividend would be:	**29,456**	**27,944**

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2015

NOTE 17: BUSINESS COMBINATIONS

Summary of 31 December 2015 acquisitions

	Jalco Group
	$'000's
Date acquired	1/9/2015
Provisional fair value of net assets acquired	
Trade and other receivables	29,998
Prepayments	362
Inventory	15,266
Property, plant & equipment	21,140
Intangibles	1,500
Deferred tax asset	7,691
Total assets	**75,957**
Trade payables and other provisions	31,299
Employee provisions	5,455
Deferred tax liability	415
Total liabilities	**37,169**
Provisional fair value of identifiable net assets	**38,788**
Cash consideration paid	72,636
Provisional consideration payable	2,172
Deferred settlement	4,000
Total provisional consideration paid	**78,808**
Provisional goodwill arising on acquisition	40,020
Net difference between fair value and consideration paid	**40,020**

Jalco Group

On 1 September 2015 the Group purchased 100% of the issued capital of Jalco Group Pty Limited and the following controlled entities: Jalco Automotive Pty Limited, Jalco Powders Pty Limited, Jalco Plastics Pty Ltd, Jalco Australia Pty Limited, Jalco Care Products Pty Limited, Packaging Employees Pty Limited, Jalco Cosmetics Pty Limited, and Jalco Promotional Packaging Pty Limited (Jalco). Jalco is a leading supplier of outsourced manufacturing, filling and packing in the non-food FMCG sector for a purchase consideration of $78.8 million. The acquisition is part of the Group's overall strategy to deepen its existing FMCG customer relationships and to enter new areas of growth serving customers in this sector.

Provisional goodwill of $40.0 million has arisen as a result of the purchase consideration exceeding the fair value of identifiable net assets acquired. Goodwill is allocated to the Pact Australia reportable segment.

The fair value of Jalco's trade and other receivables acquired amounted to $30.0 million. None of the trade receivables were impaired and it was expected that the full contractual amounts would be collected.

From the date of acquisition of 1 September 2015 to 31 December 2015 Jalco contributed $63.4 million of revenue and $2.5 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2015, contributions to revenue for the six months ended 31 December 2015 would have been $38.0 million higher and the contribution to profit before tax for the Group would have been $2.6 million higher.

NOTE 17: BUSINESS COMBINATIONS (CONTINUED)

Summary of 30 June 2015 acquisitions

	Sulo[1]	Brazier [2]	Brackley [3]	A&C Packers[4]	NCI [5]	Total
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
Date acquired	8/8/2014	23/12/2014	6/5/2015	7/5/2015	15/5/2015	
Fair value of net assets acquired						
Cash	1,088	-	-	-	-	1,088
Trade and other receivables	4,954	-	-	-	-	4,954
Prepayments	154	-	-	-	-	154
Inventory	5,312	-	442	-	978	6,732
Property, plant & equipment	19,677	198	27	2,055	2,395	24,352
Intangibles	85	-	2,061	-	-	2,146
Deferred tax asset	1,915	-	-	-	-	1,915
Total assets	**33,185**	**198**	**2,530**	**2,055**	**3,373**	**41,341**
Trade Payables and other provisions	11,074	-	-	-	-	11,074
Employee provisions	995	-	29	-	-	1,024
Deferred tax liability	155	-	-	-	-	155
Total liabilities	**12,224**	**-**	**29**	**-**	**-**	**12,253**
Fair value of identifiable net assets	**20,961**	**198**	**2,501**	**2,055**	**3,373**	**29,088**
Cash consideration paid	24,173	1,000	4,440	3,000	3,373	35,986
Deferred settlement	7,248	175	1,000	-	-	8,423
Shares issued as consideration	-	200	-	1,700	-	1,900
Total consideration paid	**31,421**	**1,375**	**5,440**	**4,700**	**3,373**	**46,309**
Goodwill arising on acquisition	10,460	1,177	2,939	2,645	-	17,221
Net difference between fair value and consideration paid	**10,460**	**1,177**	**2,939**	**2,645**	**-**	**17,221**
Reconciliation of cash paid to Consolidated Statement of Cash Flows						
Net cash acquired	1,088	-	-	-	-	1,088
Cash paid	24,173	1,000	4,440	3,000	3,373	35,986
Net cash consideration paid	**23,085**	**1,000**	**4,440**	**3,000**	**3,373**	**34,898**

Finalisation of acquisition accounting (Cinqplast)
Additional acquisition provisions of $0.2 million in relation to the Cinqplast acquisition were raised in the year ended 30 June 2015. The Company has recorded a total of $17.4 million of goodwill in the year ended 30 June 2015.

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2015

NOTE 17: BUSINESS COMBINATIONS (CONTINUED)

Summary of 30 June 2015 acquisition (continued)

(1) Sulo MGB Australia Pty Ltd (Sulo)
On 8 August 2014 the Group purchased 100% of the shares in the Australian and New Zealand operations of Sulo MGB (Australia) Pty Ltd including its subsidiary Sulo (NZ) Ltd from Plastics Group Pty Ltd. The Group acquired Sulo as its activities compliment the goods and services provided by the Group.

Goodwill of $10.5 million has been recognised as a result of the purchase consideration exceeding fair value of identifiable net assets acquired. Goodwill is allocated to both the Pact Australia and Pact International operating segments.

The fair value of Sulo's trade and other receivables acquired amounted to $5.0 million. None of the trade receivables were impaired and it was expected that the full contractual amounts would be collected.

From the date of acquisition of 8 August 2014 to 30 June 2015 Sulo contributed $48.4 million of revenue and $7.2 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2014, contributions to revenue for the twelve months ended 30 June 2015 would have been $5.5 million higher and the contribution to profit before tax for the Group would have been $0.5 million lower.

(2) Brazier Pty Ltd (Brazier)
On 23 December 2014 the Group acquired the drum recycling assets from Brazier Group Pty Ltd for $1.4 million. The Group acquired Brazier as its activities compliment the services of the Group.

Goodwill of $1.2 million has been recognised as a result of the purchase consideration exceeding the fair value of identifiable net assets acquired. Goodwill is allocated to the Pact Australia operating segment.

From the date of acquisition of 23 December 2014 to 30 June 2015 Brazier contributed $0.6 million of revenue and $0.2 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2014, contributions to revenue for the twelve months ended 30 June 2015 would have been $0.6 million higher and the contribution to profit before tax for the Group would have been $0.2 million higher.

(3) Brackley Industries Pty Ltd (Brackley)
On 6 May 2015 the Group acquired the business assets from Brackley Industries Pty Ltd for $5.4 million. Brackley is a supplier of consol games, computer software and other media packaging products.

In the Consolidated Statement of Financial Position goodwill of $2.9 million has been recognised, $2.1 million has been recognised for intangibles and $0.4 million for inventory acquired. The total consideration of $5.4 million is represented by $4.4 million of cash payment and $1.0 million of deferred settlement.

From the date of acquisition of 6 May 2015 to 30 June 2015 Brackley contributed $1.4 million of revenue and $0.1 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2014, contributions to revenue for the twelve months ended 30 June 2015 would have been $8.0 million higher and the contribution to profit before tax for the Group would have been $0.5 million higher.

(4) A&C Packers Pty Ltd (A&C Packers)
On 7 May 2015 the Group acquired the business assets from A&C Packers Pty Ltd for $4.7 million.

In the Consolidated Statement of Financial Position goodwill of $2.6 million has been recognised, and $2.1 million has been recognised for property, plant and equipment. The total consideration of $4.7 million is represented by $3.0 million of cash payment and the issue of $1.7 million shares in the Company.

From the date of acquisition of 7 May 2015 to 30 June 2015 A&C Packers contributed $0.9 million of revenue and $0.1 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2014, contributions to revenue for the twelve months ended 30 June 2015 would have been $5.5 million higher and the contribution to profit before tax for the Group would have been $0.6 million higher.

(5) National Can Industries Pty Ltd (NCI)
On 15 May 2015 the Group acquired the drum business assets of NCI for $3.4 million by a cash payment. Management is in the process of finalising the acquisition, no goodwill was recorded at 30 June 2015.

In the Consolidated Statement of Financial Position $2.4 million has been recognised in property, plant & equipment, and $1.0 million for inventory.

From the date of acquisition of 15 May 2015 to 30 June 2015 NCI contributed $0.8 million of revenue and $0.1 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2014, contributions to revenue for the twelve months ended 30 June 2015 would have been $5.6 million higher and the contribution to profit before tax for the Group would have been $0.6 million higher.

NOTE 18: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	31 December 2015	30 June 2015
	$'000's	$'000's
Other current financial assets		
Foreign exchange forward contracts(1)	**165**	1,657
Other current financial liabilities		
Foreign exchange forward contracts(1)	**1,773**	187
Other non-current financial liabilities		
Interest rate swap contracts(2)	**3,304**	3,327

(1) Foreign exchange forward contracts – cash flow hedges
To protect against exchange rate movements, the Group has entered into forward currency contracts to purchase foreign currency. These contracts are to hedge committed purchases or payment obligations. Their terms reflect those of the underlying payment obligations. At 31 December 2015, the Group hedged 84% (2015: 91%) of its foreign currency purchases for which purchase orders existed at the reporting date.

For purchases of inventory, the cash flows are expected to occur within six months of balance date. For the purchases of capital goods the cashflows are expected to occur over a period of up to two years.

(2) Interest rate swap contracts – cash flow hedges
To protect against interest rate movements, the Group has entered into interest rate swap contracts under which it receives interest at variable rates and pays interest at fixed rates. At 31 December 2015, the Group hedge cover is 41% (2015: 52%) of its long term variable debt excluding working capital facilities.

Counterparty security risk
As the Group does not seek security from the counterparties with whom it enters into derivative financial instruments, the Group also considers the risk of counterparty non-performance. As at 31 December 2015 the Group assessed this risk to be insignificant.

Fair value
Financial assets and liabilities are included at fair value which is the amount the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group's financial instruments measured at fair value comprises of derivatives only. The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade or better credit ratings. These derivatives are not quoted in active markets. The Group therefore uses valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs, of which the unobservable market inputs are considered to be insignificant. These inputs include current spot rates, forward rates and implied yield curves.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

(i) **Level 1**: quoted (unadjusted) prices in active markets for identical assets or liabilities;

(ii) **Level 2**: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

(iii) **Level 3**: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTE 18: FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The following table provides the measurement hierarchy for the Group's financial assets and liabilities that are measured at fair value.

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	$'000's	$'000's	$'000's	$'000's
Half year ended 31 December 2015				
Assets measured at fair value				
Foreign exchange forward contracts	**-**	165	**-**	**165**
Liabilities measured at fair value				
Foreign exchange forward contracts	-	1,773	-	**1,773**
Interest rate swap contracts	-	3,304	-	**3,304**
Total	**-**	**5,077**	**-**	**5,077**
Year ended 30 June 2015				
Assets measured at fair value				
Foreign exchange forward contracts	-	1,657	-	**1,657**
Liabilities measured at fair value				
Foreign exchange forward contracts	-	187	-	**187**
Interest rate swap contracts	-	3,327	-	**3,327**
Total	**-**	**3,514**	**-**	**3,514**

There are no differences between the fair value and the book value of the assets and liabilities for the current or comparative period. There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

NOTE 19: RELATED PARTY DISCLOSURES

Parent entity
The parent of the Group is Pact Group Holdings Ltd.

(a) Transactions with related parties

The following table provides the total amount of transactions with related parties for the half year ended 31 December 2015 (31 December 2014 comparatives):

		Sales to related parties	Purchases from related parties	Other (income) / expense with related parties	Amounts (owed to) / receivable from related parties
		$'000's	$'000's	$'000's	$'000's
Entity which previously controlled the Group					
	2015	**-**	**-**	**(91)**	**50**
	2014	-	-	(250)	7
Other related parties – other director's interests[(1)]					
	2015	**5,029**	**8,900**	**250**	**465**
	2014	4,663	10,625	291	1,002

(1) Other related parties – other director's interests includes the following group of entities: P'Auer Pty Ltd, Pro-Pac Packaging Limited, Centralbridge Pty Ltd (as trustee for the Centralbridge Unit Trust), Centralbridge Two Pty Ltd, Centralbridge (NZ) Limited and Albury Property Holdings Pty Ltd.

P'Auer Pty Ltd (P'Auer)
P'Auer an entity controlled by Mr Raphael Geminder (the Non-Executive Chairman of Pact) has a supply agreement to provide label products to Pact. Pact has a Transitional Services and Support Agreement with P'Auer to provide support services. Agreements are on arm's length terms. In addition, P'Auer provides Pact with periodic warehousing services.

NOTE 19: RELATED PARTY DISCLOSURES (CONTINUED)

Pro-Pac Packaging Limited (Pro-Pac)
Pro-Pac, an entity for which Mr Raphael Geminder owns approximately 44%, is an exclusive supplier of certain raw materials such as flexible film packaging, flexible plastic bags and tapes to Pact for an initial term that expires on 1 October 2016. Total fees under this arrangement are approximately $2.5 million for the six months ended 31 December 2015. The supply arrangement is on arm's length terms.

Terms and conditions of property leases with related parties
The Group leased 16 properties (13 in Australia and 3 in New Zealand) from Centralbridge Pty Ltd (as trustee for the Centralbridge Unit Trust), Centralbridge Two Pty Ltd, Centralbridge (NZ) Limited and Albury Property Holdings Pty Ltd ("Centralbridge Entities"), which are each controlled by entities associated with Mr Raphael Geminder and are therefore related parties of the Group ("Centralbridge Leases"). The aggregate annual rent payable by Pact under the Centralbridge Leases for the half year ended 31 December 2015 was $3.3 million (2015: $3.5 million). The rent payable under these leases was determined based on independent valuations and market conditions at the time the leases were entered into.

Of the Centralbridge Leases in Australia:

- seven of the leases contain early termination rights in favour of the landlord to terminate the lease at the expiry of the 6th and 9th term;
- two of the leases contain early termination rights in favour of the landlord to terminate the lease at the expiry of the 8th term; and
- two of the leases do not contain standard default provisions which give the landlord the right to terminate the lease in the event of default.

Except as set out above, the Centralbridge Leases in Australia are on arm's length terms.

Of the Centralbridge Leases in New Zealand, three of the leases contain early termination rights in favour of the landlord to terminate the lease at the expiry of the 6th and 9th term. With the exception of the early termination right, the Centralbridge Leases in New Zealand are on terms which are not uncommon for leases of commercial premises.

Terms and conditions of transactions with related parties
The purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the period are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the half year ended 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: nil).

(b) Loan to a joint venture

The Group established a new joint venture with Weener Plastik Gmbh on 1 April 2015. During the half year ended 31 December 2015 the Group loaned funds of $5.7m to the joint venture, which is expected to be repaid during the second half of fiscal year 2016.

(c) Key Management Personnel (KMP)

Malcolm Bundey was appointed as the Managing Director and Chief Executive Officer of the Group on 1 December 2015, and is a KMP effective from that date. Mr Bundey will participate in an Executive Performance Rights/Share Plan, details of the plan are currently being finalised.

Brian Cridland ceased to be Managing Director and Chief Executive Officer on 1 December 2015.

NOTE 20: EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of Pact by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

NOTE 20: EARNINGS PER SHARE (CONTINUED)

	31 December 2015	31 December 2014
	$'000's	$'000's
Net profit attributable to ordinary equity holders of Pact from continuing operations	41,857	41,789
Net profit attributable to ordinary equity holders of Pact from basic earnings	41,857	41,789
Net profit attributable to ordinary equity holders of Pact adjusted for the effect of dilution[1]	**41,857**	**41,789**
Weighted average number of ordinary shares for basic earnings per share	**294,555,855**	**294,100,018**
	$	$
Earnings per share	**0.14**	**0.14**

[1] There is no dilutive impact as there are no options over the Company's shares as at 31 December 2015.

NOTE 21: SEGMENT INFORMATION

A reportable segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Reportable segments have been identified based on the information provided to the executive decision maker, being the Chief Executive Officer (CEO). The CEO provides strategic direction and management oversight to the day-to-day activities of the Group in terms of monitoring results and approving strategic planning.

Description of segments

The CEO monitors results by reviewing two reportable segments, Pact Australia (PA) and Pact International (PI), focusing on earnings before finance costs (net of interest revenue), tax and significant items (EBIT) as a segment result.

Comparative information has been presented in conformity with the identified reporting segments of the Group as at the reporting date in accordance with AASB 8: *Operating Segments*.

(a) Segment Results

	31 December 2015 $'000's			31 December 2014 $'000's		
	Pact Australia	Pact International	Total	Pact Australia	Pact International	Total
Sales Revenue	**508,983**	**179,219**	**688,202**	451,147	183,868	**635,015**
EBIT before significant items	**44,877**	**35,126**	**80,003**	40,306	36,393	**76,699**

(b) Reconciliation from EBIT before significant items to net profit after tax

	31 December 2015	31 December 2014
	$'000's	$'000's
EBIT before significant items	**80,003**	**76,699**
Significant items		
Acquisition related costs	**(1,389)**	-
Business reorganisation program		
- restructuring costs	**(2,628)**	-
- asset write downs	**(1,381)**	-
Total significant items	**(5,398)**	**-**
EBIT after significant items	**74,605**	**76,699**
Finance costs (net of interest income)	**(15,473)**	**(16,830)**
Net Profit before tax	**59,132**	**59,869**
Income expense	**(17,282)**	**(18,055)**
Net Profit after tax	**41,850**	**41,814**

NOTE 21: SEGMENT INFORMATION (CONTINUED)

(c) Segment assets and liabilities

	31 December 2015			30 June 2015		
	$'000's			$'000's		
	Pact Australia	Pact International	Total	Pact Australia	Pact International	Total
Segment assets	**883,064**	**430,940**	**1,314,004**	754,616	422,487	**1,177,103**
Segment liabilities	**713,036**	**256,899**	**969,935**	601,321	248,913	**850,234**

NOTE 22: SUBSEQUENT EVENTS

In the opinion of the Directors, there have been no material matters or circumstances which have arisen between 31 December 2015 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Directors' Declaration

In the Directors' opinion:

1. The half year condensed consolidated financial statements and notes are in accordance with the *Corporations Act 2001* including:
   (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
   (b) complying with the Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that Pact Group Holdings Ltd 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.

…………………………………	………………………….….
Raphael Geminder	Malcolm Bundey
Chairman	Managing Director and Chief Executive Officer

Dated 24 February 2016

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

To the members of Pact Group Holdings Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pact Group Holdings Ltd, which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 2015 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 Pact Group Holdings 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 Pact Group Holdings 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 2015 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

Glenn Carmody
Partner
Melbourne
24 February 2016