ASX ANNOUNCEMENT

DATE: 25 February 2015

Half year Financial Report – 31 December 2014

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 2014 (Appendix 4D)

2. Half year Financial Report including the Directors' Report for the half year ended 31 December 2014.

Interim Dividend

The Directors have determined an interim dividend for the six months to 31 December 2014 of 9.5 cents per share which will not be franked. The record date for determining entitlements is 6 March 2015. The interim dividend will be paid on 2 April 2015.

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: Darren Brown

POSITION: Chief Financial Officer

CONTACT NUMBER: +613 8825 4100

PACT GROUP HOLDINGS LTD
ABN 55 145 989 644

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PACT GROUP

APPENDIX 4D

Half Year Report

Pact Group Holdings Ltd

ABN 55 145 989 644

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

Reporting Period:	Previous Corresponding Period:
Half Year ended 31 December 2014	**Half Year ended 31 December 2013**

2. Results for announcement to the market

	31 Dec 2014 $'000	31 Dec 2013 $'000	% Change
2.1 Revenue from ordinary activities	637,026	582,291	9.40%
2.2 Net profit/(loss) from ordinary activities after tax attributable to members	41,789	(1,986)	Refer note 1
2.3 Net profit/(loss) for the period attributable to members	41,789	(1,986)	Refer note 1

Comments

Note 1: The percentage movement in the result is not meaningful as the prior period number is negative.

Refer to the Half Year Financial Report, the Media Release and Results Presentation released today for further explanations of the figures presented in 2.1 – 2.3 above.

Dividends	**Amount per security**	**Franked amount per security**	**Total Dividend amount $'000**	**Date paid / payable**
2.4 Current year to 31 December 2014 Interim Dividend (per ordinary share)	9.50 cents	0.00 cents	27,944	2 April 2015
2.4 Prior Year to 30 June 2014 Final Dividend (per ordinary share)	9.50 cents	6.17 cents	27,939	3 October 2014
Interim Dividend (per ordinary share)	None paid	-	-	-
2.5 Record date for determining entitlements to the 2015 interim dividend:	6 March 2015			

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3. Net tangible assets

	31 Dec 2014	31 Dec 2013
Net tangible asset backing per ordinary security	$(0.04)	$(0.27)

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

Refer to the attached Half Year Financial Report, Note 18 Business Combinations. There were no business disposals during the half year period.

5. Details of individual dividends and payment dates

Refer to section 2.4 and 2.5 above and the attached Half Year Financial Report, Note 17 Dividends.

The interim dividend is sourced 100% from conduit foreign income.

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 2014 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%

There have been no material changes in Investments in Associates in the six months ended 31 December 2014. 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 Financial Report is not subject to a 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 Financial Report attached.

Penny Grau

Penny Grau
Company Secretary

Dated: 25 February 2015

HALF YEAR CONDENSED CONSOLIDATED FINANCIAL REPORT

For the period ended
31 December 2014

Pact Group Holdings Ltd
ABN 55 145 989 644

PACT GROUP

Half Year Condensed Consolidated Financial Report for the period ended 31 December 2014

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 2014 (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

Peter Margin

Jonathan Ling

Executive:

Brian Cridland – Managing Director and Chief Executive Officer

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half year were the conversion of plastic resin, steel and tinplate into rigid plastics and metals packaging and related products for customers in the food, dairy, beverage, personal care, other household consumables, chemicals, agricultural, industrial and other sectors. The Group also provides 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

Review of results

The Group continued its growth momentum in the first half of the financial year achieving sales revenue growth of 11.9% and EBIT (before significant items) growth of 2.3%.

The following table presents the statutory results of the Group for the half year ended 31 December 2014 compared to the corresponding prior half year.

Half year ended 31 December, A$ in millions	31 December 2014	31 December 2013	Change %
Sales revenue	635.0	567.6	11.9%
Other revenue (excluding interest revenue)	2.0	8.2	(75.6%)
Total revenue (excluding interest revenue)	**637.0**	**575.8**	**10.6%**
Expenses	(532.9)	(476.6)	(11.8%)
Share of profit in associates	0.7	0.4	
EBITDA (before significant items)(1)	**104.8**	**99.6**	**5.2%**
Depreciation and amortisation	(28.1)	(24.6)	(14.2%)
EBIT (before significant items)(2)	**76.7**	**75.0**	**2.3%**
EBIT margin (before significant items)	*12.1%*	*13.2%*	
Significant items (before tax)	-	(26.2)	
EBIT(2)	**76.7**	**48.8**	**57.2%**
Net finance costs expense	(16.8)	(49.9)	66.3%
Income tax expense	(18.1)	(3.3)	(448.5%)
Significant tax items	-	2.5	
Net profit after tax	**41.8**	**(1.9)**	
Minority interests	-	(0.1)	
Net profit after tax attributable to shareholders	**41.8**	**(2.0)**	

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

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

Commentary

Sales revenue increased by $67.4 million to $635.0 million, or 11.9% compared to the corresponding prior half year. Sales were positively impacted by improved volumes resulting from the recent Sulo acquisition (August 2014) and the businesses acquired at the time of the IPO (December 2013). In addition, sales were positively impacted by the pass through of the higher raw material prices and other cost input increases, and favourable currency translation.

The Group reported EBITDA (before significant items) of $104.8 million, a 5.2% increase over the corresponding prior half year. Higher expenses for the half year were primarily the result of increases in raw material prices, and costs associated with businesses acquired (Sulo and those acquired at the time of the IPO – 'the acquisitions'). The acquisitions acquired at IPO reported lower margins than the historic Group margins.

The result was also impacted by the higher costs incurred in relation to the listed public company structure and the one-off acquisition costs of Sulo. These increases and the impact of inflation were offset by continued efficiency improvements within the business, implemented to lower the Group's overall cost of operations.

The Group achieved EBIT (before significant items) of $76.7 million, a $1.7 million or 2.3% increase over the corresponding prior half year. The depreciation and amortisation expense of $28.1 million for the half year, has increased by $3.5 million compared to the prior half year, mainly due to the acquisitions.

The EBIT margin declined from 13.2% to 12.1%, adversely impacted by the direct pass through of higher material and other input costs. This allowed the Group to maintain the absolute EBIT, but on a higher sales revenue base, thereby reducing the margin percentage.

The pre-tax significant items for the prior half year totalled $26.2 million of expenses. These related to transactions that occurred as a result of the IPO, as disclosed in the FY14 full year consolidated financial report.

Net financing costs for the half year were $16.8 million primarily relating to the Syndicated Finance Agreement. The reduction in net financing costs compared to the prior half year is a result of the post-IPO capital structure. The capital structure that existed for most of prior half year was substantially different to the current capital structure that was put in place at the time of the IPO.

Net debt as at 31 December 2014 was $621.0 million, $40.3 million lower than the corresponding prior half year. Included in the half year net cash flows was $23.1 million relating to the acquisition of the Sulo business and the payment of an inaugural dividend of $27.9 million. In the first half of the year the Group experienced the normal seasonal "outflow" of working capital, with operating cash flow positively weighted towards the second half of the financial year.

Review of operations

Pact is the leading supplier of rigid plastics packaging and related products in Australia and New Zealand and has an emerging presence in Asia.

Pact Australia comprises the Group's operations across Australia where it has manufacturing plants in New South Wales, Victoria, Tasmania, Queensland and Western Australian. Pact Australia is where the Group sources the majority of its revenue, accounting for 71% of the Group's total sales revenue in the first half of FY15.

Pact International comprises the Group's operations in New Zealand, China, the Philippines, Singapore and Thailand. Together, revenue sourced from these regions contributed 29% of the Group's total sales revenue in the first half of FY15. As a measure of the Group's diversified net income streams, 47% of the Group EBIT was sourced from Pact International.

The following table represents the results of segment operations during the half year compared to the same period in the 2014 financial year.

A$ in millions	31 December 2014	31 December 2013	Change %
Sales Revenue			
Pact Australia	451.1	414.0	9.0%
Pact International	183.9	153.6	19.7%
Total	**635.0**	**567.6**	**11.9%**
EBIT (before significant items)[(1)]			
Pact Australia	40.3	39.2	2.8%
Pact International	36.4	35.8	1.7%
Total	**76.7**	**75.0**	**2.3%**

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

Commentary

Pact Australia sales were positively impacted by improved volumes, primarily resulting from the recent Sulo acquisition (August 2014) and the businesses acquired at the time of the IPO (December 2013). In addition, sales were positively impacted by the pass through of the higher raw material prices and other input costs increases. Sell price increases recovered the negative lag reported in the corresponding prior half year. Pact Australia experienced sales growth of 9.0% compared to the previous half year.

Pact International sales were 19.7% higher in the first half with improved volumes including the Asian businesses acquired at the time of the IPO, along with the impact of favourable currency translation. Drought conditions in New Zealand have led to some softness in the agricultural and dairy sectors.

EBIT was up 2.8% in Pact Australia due to the increased sales revenue noted above, the positive contributions from the acquisitions, including Sulo, and the effect of efficiency programs implemented across the Group. Higher costs were incurred in relation to the move to a listed public company structure and the one-off acquisition costs of Sulo.

Pact International EBIT was up 1.7%, including the contribution of the businesses acquired, similar efficiency programs and a modest favourable currency translation.

DIVIDENDS

The Directors have determined to pay an unfranked interim dividend of 9.5 cents per ordinary share.

The dividend is payable on 2 April 2015. The record date for entitlement to the dividend is 6 March 2015.

A 2014 final dividend of 9.5 cents per ordinary share franked to 65% per ordinary share was paid by the Company on 3 October 2014.

SUBSEQUENT EVENTS

On 25 February, 2015 the Company reported its intention to complete a detailed efficiency review of its activities. As work is still in the preliminary phase there has been no impact to the 31 December, 2014 financial statements. However should work proceed to rationalise the manufacturing resources of the Group, it is likely that there will be a financial impact in the second half of the financial year.

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

Brian Cridland
Managing Director and Chief Executive Officer

Dated: 25 February 2015

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Auditor's Independence Declaration to the Directors of Pact Group Holdings Limited

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

Ernst & Young

Tim Wallace
Partner
25 February 2015

Half Year Condensed Consolidated Statement of Comprehensive Income

For the period ended 31 December 2014

	Notes	31 December 2014 $'000's	31 December 2013 $'000's
Sales revenue	3 (a)	**635,015**	**567,607**
Raw materials and consumables used		**(273,650)**	(229,953)
Employee benefits expense	3 (b)	**(146,981)**	(144,449)
Occupancy, repair and maintenance, administration and selling expenses		**(112,539)**	(102,483)
Interest and other income	3 (a)	**2,011**	14,684
Other gains / (Losses)	3 (c)	**327**	(26,085)
Depreciation and amortisation expense	3 (b)	**(28,132)**	(24,578)
Finance costs expense	3 (b)	**(16,869)**	(56,341)
Share of profit in associates		**687**	435
Profit / (Loss) before income tax expense		**59,869**	**(1,163)**
Income tax benefit / (expense)	4	**(18,055)**	(766)
Profit / (Loss) for the period		**41,814**	**(1,929)**
Profit / (Loss) attributable to non-controlling interests		**(25)**	(57)
Profit / (Loss) attributable to equity holders of the parent entity	**16**	**41,789**	**(1,986)**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Cash flow hedges gains / (losses) taken to equity		**(1,290)**	(439)
Foreign currency translation		**10,126**	6,938
Income tax on items in other comprehensive income		**387**	132
Other comprehensive income for the period, net of tax		**9,223**	6,631
Total comprehensive income for the period		**51,037**	**4,702**
Attributable to:			
Equity holders of the parent entity		**51,012**	4,645
Non-controlling interests		**25**	57
Total comprehensive income for the Group		**51,037**	**4,702**
Earnings per share		$	$
Basic / diluted earnings per share	**21**	**0.142**	(0.054)

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 2014

	Notes	31 December 2014 $'000's	30 June 2014 $'000's
CURRENT ASSETS			
Cash and cash equivalents	**5**	**27,529**	24,227
Trade and other receivables	**6**	**206,910**	150,341
Inventories	**7**	**131,949**	115,211
Other current financial assets	**19**	**2,237**	403
Prepayments	**8**	**12,527**	7,844
TOTAL CURRENT ASSETS		**381,152**	**298,026**
NON-CURRENT ASSETS			
Other receivables	**6**	**-**	7
Prepayments	**8**	**1,009**	1,274
Property, plant and equipment	**9**	**566,493**	545,604
Investments in associates and joint ventures		**3,570**	4,087
Intangible assets and goodwill	**10**	**342,271**	327,127
Deferred tax assets		**31,685**	27,944
TOTAL NON-CURRENT ASSETS		**945,028**	**906,043**
TOTAL ASSETS		**1,326,180**	**1,204,069**
CURRENT LIABILITIES			
Trade and other payables	**11**	**230,174**	198,397
Interest-bearing loans and borrowings	**13**	**4,416**	975
Provisions	**12**	**43,763**	46,456
Other current financial liabilities	**19**	**378**	1,342
TOTAL CURRENT LIABILITIES		**278,731**	**247,170**
NON-CURRENT LIABILITIES			
Provisions	**12**	**27,264**	26,201
Interest-bearing loans and borrowings	**13**	**644,135**	588,595
Other non-current financial liabilities	**19**	**2,670**	-
Deferred tax liabilities		**42,797**	34,818
TOTAL NON-CURRENT LIABILITIES		**716,866**	**649,614**
TOTAL LIABILITIES		**995,597**	**896,784**
NET ASSETS		**330,583**	**307,285**
EQUITY			
Contributed equity	**14**	**1,489,797**	1,489,597
Reserves	**15**	**(906,434)**	(915,657)
Retained earnings	**16**	**(253,056)**	(266,906)
Parent entity interest		**330,307**	**307,034**
Non-controlling interests		**276**	251
TOTAL EQUITY		**330,583**	**307,285**

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 2014

	Attributable to equity holders of the Parent entity							
	Contributed equity	Common control reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings[1]	Total	Non-controlling interest	Total equity
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
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 / (Loss) 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**
Half year ended 31 December 2013								
As at 1 July 2013	180,000	(942,000)	964	8,733	(324,595)	**(1,076,898)**	143	**(1,076,755)**
Profit / (Loss) for the period	-	-	-	-	(1,986)	**(1,986)**	57	**(1,929)**
Other comprehensive income / (loss)	-	-	(307)	6,938	-	**6,631**	-	**6,631**
Total comprehensive income	**-**	**-**	**(307)**	**6,938**	**(1,986)**	**4,645**	**57**	**4,702**
Issuance of share capital	1,327,643	-	-	-	-	**1,327,643**	-	**1,327,643**
Transaction costs taken to equity	(20,206)	-	-	-	-	**(20,206)**	-	**(20,206)**
Acquisitions under common control	-	14,368	-	-	-	**14,368**	-	**14,368**
Transaction with owners in their capacity as owners	**1,307,437**	**14,368**	**-**	**-**	**-**	**1,321,805**	**-**	**1,321,805**
As at 31 December 2013	**1,487,437**	**(927,632)**	**657**	**15,671**	**(326,581)**	**249,552**	**200**	**249,752**

[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 2014

	Notes	31 December 2014 $'000's	31 December 2013 $'000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**657,571**	584,555
Payments to suppliers and employees		**(608,725)**	(552,604)
Income tax paid		**(12,095)**	(13,665)
Interest received		**23**	1,009
Borrowing and other finance costs paid		**(11,694)**	(50,633)
Net cash flows from / (used in) operating activities		**25,080**	**(31,338)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(24,936)**	(20,611)
Proceeds on sale of property, plant and equipment		**37**	345
Dividends received		**332**	-
Purchase of businesses and subsidiaries	**18**	**(24,085)**	(46,424)
Net cash flows from / (used in) investing activities		**(48,652)**	**(66,690)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**118,537**	674,752
Repayment of borrowings		**(65,096)**	(914,276)
Repayment of promissory note		**-**	(549,407)
Proceeds from IPO		**-**	648,800
Issuance of shares		**-**	255,000
IPO transaction costs		**-**	(15,148)
Swap break cost		**-**	(6,407)
Payment of Dividend		**(27,939)**	-
Net cash flows from / (used in) financing activities		**25,502**	**93,314**
Net increase/(decrease) in cash and cash equivalents		**1,930**	(4,714)
Cash and cash equivalents at the beginning of the year		**24,227**	22,629
Effect of exchange rate changes on cash and cash equivalents		**1,372**	2,143
Cash and cash equivalents at the end of the period	**5**	**27,529**	**20,058**

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 2014

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 2014 (the "Group"), and was issued in accordance with a resolution of the Directors on 25 February 2015. The parent of the Group is Pact Group Holdings Ltd.

Pact's primary activities relate to the conversion of plastic resin and steel into rigid plastics and metals packaging and related products for customers in the food, dairy, beverage, personal care, other household consumables, chemicals, agricultural, industrial and other sectors.

Pact also provides 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 16, Como Towers, 644 Chapel Street, South Yarra, Victoria, Australia.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim 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 2014 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.

(b) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended are outlined below, of which some of these amendments apply for the first time in the half year ended 31 December 2014. 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**

AASB 2012-3 ***Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities:*** AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The application date of the standard was 1 January 2014 and was applied by the Group for the financial year commencing 1 July 2014. These amendments did not have a material impact on the Group.

AASB 2013-4 ***Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]:*** AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

The application date of the standard was 1 January 2014 and was applied by the Group for the financial year commencing 1 July 2014. These amendments did not have a material impact on the Group.

AASB 2014-1 ***Part A – Annual Improvements 2010–2012 Cycle Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010– 2012 Cycle*****:** AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*.

The application date of the standard was 1 July 2014 and was applied by the Group on 1 July 2014. These amendments did not have a material impact on the Group.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2014-1 ***Part A – Annual Improvements 2011–2013 Cycle Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011– 2013 Cycle*****:** Annual Improvements to IFRSs 2011–2013 Cycle clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.

The application date of the standard was 1 July 2014 and was applied by the Group on 1 July 2014. These amendments did not have a material impact on the Group.

AASB 1031 ***Materiality***: The revised AASB 1031 is an interim standard that cross-references to other Standards and the framework *(*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.

AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014.

The application date of the standard was 1 January 2014 and was applied by the Group for the financial year commencing 1 July 2014. These amendments did not have a material impact on the Group.

AASB 2014-1 ***Part B Amendments to AASB 119 Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)*****:** AASB 2014-1 makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service.

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

The application date of the standard was 1 July 2014 and was applied by the Group on 1 July 2014. These amendments did not have a material impact on the Group.

ASB 2014-2 ***Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]:*** The Standard makes amendments to AASB 1053 *Application of Tiers of Australian Accounting Standards* to:

- Clarify that AASB 1053 relates only to general purpose financial statements.
- Make AASB 1053 consistent with the availability of the *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* option in AASB 1 *First-time Adoption of Australian Accounting Standards.*
- Clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements.
- Specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

The application date of the standard was 1 July 2014 and was applied by the Group on 1 July 2014. These amendments did not have a material impact on the Group.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

► 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 2014.

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 own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

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 more 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.

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 profit or loss and there is no impairment or recycling on disposal of the instrument.
- ► Financial assets can be designated and measured at fair value through profit or loss 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 profit or loss AASB 9 also removes the volatility in profit or loss 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 profit or loss.

These amendments are not expected to have a material impact on the Group.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments:* The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.

Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.

Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.

The application dates of AASB 2013-9 are as follows:

- ► Part A –periods ending on or after 20 December 2013.
- ► Part B - periods beginning on or after 1 January 2014.
- ► Part C - reporting periods beginning on or after 1 January 2015.

These amendments are not expected to have a material impact on the Group.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138):* AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The application date of the standard is 1 January 2016. These amendments are 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 application date of the amendment is 1 January 2017 and will be applied by the Group commencing 1 July 2017. Management is currently assessing the impact of IFRS 15, it is not expected to have a material impact on the Group.

Notes to the Half Year Condensed Consolidated Financial Report
For the period ended 31 December 2014

NOTE 3: REVENUE AND EXPENSES

	31 December 2014 $'000's	31 December 2013 $'000's
(a) Revenue		
Sales revenue	**635,015**	567,607
Interest income		
Interest income (external)	**39**	1,009
Interest income on related party loans	**-**	5,388
Total interest income	**39**	**6,397**
Other income		
Management fees received	**250**	479
Sundry income items	**1,722**	7,808
Total other income	**1,972**	8,287
Total interest & other income	**2,011**	**14,684**
Total sales revenue, interest & other income	**637,026**	**582,291**
(b) Expenses		
Depreciation		
Depreciation of buildings - freehold	**30**	60
Depreciation of buildings - leasehold	**1,230**	594
Depreciation of plant & equipment	**26,771**	23,845
Total depreciation	**28,031**	**24,499**
Amortisation		
Amortisation of patents, trademarks and licences	**101**	79
Total amortisation	**101**	**79**
Total depreciation and amortisation expense	**28,132**	**24,578**
Finance costs expense		
Interest on A$750m Syndicated Revolving Loan Facility	**15,890**	1,793
Interest on Revolving Credit Facility	**-**	1,895
Interest on Term Loan B Facility	**-**	29,492
Interest on overdraft facility	**316**	584
Finance charges payable on finance lease and hire purchase contracts	**38**	65
Borrowing costs amortisation	**566**	351
Interest on promissory note & related parties loans	**-**	22,116
Property make good provision discount adjustment	**59**	45
Total finance costs expense	**16,869**	**56,341**
Employee benefits expense		
Provision for employee entitlements	**2,417**	990
Wages and salaries	**130,038**	127,719
Defined contribution superannuation expense	**7,239**	7,218
Other employee benefits expense	**7,286**	8,522
Total employee benefits expense	**146,981**	**144,449**

Notes to the Half Year Condensed Consolidated Financial Report
For the period ended 31 December 2014

NOTE 3: REVENUE AND EXPENSES (CONTINUED)

(b) Expenses (continued)	31 December 2014 $'000's	31 December 2013 $'000's
Other expense items		
Operating lease and rental expense	**21,901**	20,409
Research and development costs	**215**	172
Fixed rent adjustment	**423**	464
Make good expense	**879**	480
Provision for impairment of trade receivables	**32**	593

(c) Significant items and other gains / (losses) before tax		
Significant items[4]		
Reversal of unrealised revaluation gain on hedges associated with the Term Loan B Facility	**-**	(3,791)
Swap break costs[1]	**-**	(6,407)
Gain on business acquisition[2]	**-**	10,834
Write-off of capitalised borrowing costs in relation to the Term Loan B Facility	**-**	(21,576)
IPO transaction costs	**-**	(5,245)
Total significant items	**-**	**(26,185)**
Other gains / (losses)		
Unrealised gains on revaluation of foreign exchange forward contracts	**71**	279
Loss on sale of property, plant and equipment[3]	**(29)**	(5)
Realised net foreign exchange gains / (losses)	**285**	(174)
Total other gains / (losses)	**327**	**100**
Total significant items and other gains / (losses) before tax	**327**	**(26,085)**

(1) Swap break costs in the prior period relate to the early termination of the cross currency interest rate swaps and other derivative instruments associated with the Term Loan B Facility, refer to Note 19.

(2) Gain on business acquisition in the prior period relates to the Group acquiring the remaining 49% of Cinqplast Plastop Australia Pty Ltd on 17 December 2013.

(3) Profit / (loss) on sale of property, plant and equipment is determined as follows:

Proceeds on sale of property, plant and equipment	**37**	345
Carrying amount of property, plant and equipment disposed	**(66)**	(350)
Profit / (loss) on disposal of property, plant and equipment	**(29)**	**(5)**

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

Significant items in other gains / (losses) before tax	-	(26,185)
Tax benefit on significant items in other gains / (losses) before tax	-	4,959
Total significant items after tax	-	**(21,226)**

Notes to the Half Year Condensed Consolidated Financial Report
For the period ended 31 December 2014

NOTE 4: INCOME TAX

	31 December 2014 $'000's	31 December 2013 $'000's
Statement of Comprehensive Income		
The major components of income tax expense are:		
Current year income tax expense	**12,443**	1,549
Adjustments in respect of previous years income tax	**7**	(4,320)
Deferred income tax expense	**5,605**	3,537
Income tax expense reported in the consolidated statement of comprehensive income	**18,055**	**766**

Statement of Changes in Equity		
Deferred income tax relating to items charged directly to equity:		
Tax effect of IPO transaction costs charged to equity	**-**	6,241
Net (gain) / loss on interest rate and foreign exchange hedging instruments	**387**	132
Income tax benefit charged direct to equity	**387**	6,373

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:

Accounting profit before tax	**59,869**	(1,163)
Income tax calculated at 30% (2013: 30%)	**17,961**	(349)
Adjustments in respect of income tax of previous years	**7**	(4,320)
Non assessable income	**646**	448
Adjustments to tax cost base	**-**	1,980
Gains on acquisitions and disposals	**-**	(3,250)
Non deductible swap break costs	**-**	1,196
Non deductible write-off of capitalised borrowing costs	**-**	5,326
Difference between book and tax value for asset additions	**-**	43
Overseas tax rate differential	**(559)**	(308)
Income tax (benefit) / expense reported in the consolidated statement of comprehensive income	**18,055**	**766**

Australian Tax Consolidated Group
In the prior period the Company elected to form a tax consolidated group with each of its wholly owned Australian resident subsidiaries which came into effect from 1 January 2014. Sulo MGB Australia Pty Ltd joined this group during the six months ended 31 December 2014.

Note 5: CASH AND CASH EQUIVALENTS

	31 December 2014 $'000's	30 June 2014 $'000's
Cash at bank	**27,529**	25,603
Bank overdraft	-	(1,376)
Total cash and cash equivalents	**27,529**	24,227

Notes to the Half Year Condensed Consolidated Financial Report
For the period ended 31 December 2014

NOTE 6: TRADE AND OTHER RECEIVABLES

	31 December 2014	30 June 2014
	$'000's	$'000's
CURRENT		
Trade receivables	**194,553**	137,438
Allowance for impairment loss	**(567)**	(490)
Other receivables	**12,924**	13,393
Total current trade and other receivables	**206,910**	**150,341**

	31 December 2014	30 June 2014
	$'000's	$'000's
NON-CURRENT		
Other receivables	**-**	**7**

NOTE 7: INVENTORIES

	31 December 2014	30 June 2014
	$'000's	$'000's
Raw materials and stores	**52,698**	45,105
Work in progress	**17,170**	14,368
Finished goods	**62,081**	55,738
Total inventories	**131,949**	**115,211**

NOTE 8: PREPAYMENTS

	31 December 2014	30 June 2014
	$'000's	$'000's
CURRENT		
Prepayments	**12,527**	7,844
NON-CURRENT		
Prepayments	**1,009**	1,274

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	31 December 2014 $'000's			
	Property	Plant and equipment	Capital works in progress	Total
At cost	49,585	966,054	26,134	1,041,773
Accumulated depreciation	(12,090)	(463,190)	-	(475,280)
Net carrying amount	**37,495**	**502,864**	**26,134**	**566,493**

	30 June 2014 $'000's			
	Property	Plant and equipment	Capital works in progress	Total
At cost	38,918	883,474	29,711	952,103
Accumulated depreciation	(10,016)	(396,483)	-	(406,499)
Net carrying amount	**28,902**	**486,991**	**29,711**	**545,604**

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2014

NOTE 10: INTANGIBLE ASSETS AND GOODWILL

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

	Patents, trademarks and licences(1)	Goodwill	Total
	$'000's	$'000's	$'000's
Half year ended 31 December 2014			
At 1 July 2014 net of accumulated amortisation and impairment	**917**	**326,210**	**327,127**
Additions	**11**	**-**	**11**
Intangible assets arising on acquisitions (Note18)	**85**	**10,859**	**10,944**
Disposals	**-**	**-**	**-**
Foreign exchange translation movements	**19**	**4,271**	**4,290**
Amortisation	**(101)**	**-**	**(101)**
At 31 December 2014 net of accumulated amortisation and impairment	**931**	**341,340**	**342,271**
Represented by:			
At cost	**2,434**	**341,340**	**343,774**
Accumulated amortisation and impairment	**(1,503)**	**-**	**(1,503)**
Net carrying amount	**931**	**341,340**	**342,271**
Year ended 30 June 2014			
At 1 July 2013 net of accumulated amortisation and impairment	**1,065**	**249,977**	**251,042**
Additions	52	-	52
Intangible assets arising on acquisitions (Note18)	-	63,757	63,757
Disposals	(178)	-	(178)
Foreign exchange translation movements	74	12,476	12,550
Amortisation	(96)	-	(96)
At 30 June 2014 net of accumulated amortisation and impairment	**917**	**326,210**	**327,127**
Represented by:			
At cost	2,235	326,210	328,445
Accumulated amortisation and impairment	(1,318)	-	(1,318)
Net carrying amount	**917**	**326,210**	**327,127**

(1) 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.

Acquisition during the year
As a result of business acquisitions during the year, $10.7 million of goodwill has been recognised. Details of businesses acquired are disclosed in Note 18. In addition $0.2m of goodwill has been recognised in relation to a prior year 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.

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2014

NOTE 11: TRADE AND OTHER PAYABLES

	31 December 2014	30 June 2014
	$'000's	$'000's
CURRENT		
Trade payables	**188,168**	176,210
Other payables	**35,088**	16,706
Income tax payable	**6,918**	5,481
Total current trade and other payables	**230,174**	**198,397**

NOTE 12: PROVISIONS

	31 December 2014	30 June 2014
	$'000's	$'000's
CURRENT		
Annual leave	**20,484**	20,584
Long service leave	**11,643**	11,382
Business reorganisation provision	**10,781**	14,404
Other	**855**	86
Total current provisions	**43,763**	**46,456**

	31 December 2014	30 June 2014
	$'000's	$'000's
NON-CURRENT		
Long service leave	**6,985**	6,820
Fixed rent provision	**8,622**	7,874
Make good on leased premises	**11,657**	11,507
Total non-current provisions	**27,264**	**26,201**

(a) Nature of provisions

(i) Business reorganisation provisions

The business reorganisation program relates to optimisation of business facilities.

(ii) Fixed rent provision

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.

(iii) 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 what costs are expected to be incurred using historical estimates as a guide.

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2014

NOTE 13: INTEREST BEARING LOANS AND BORROWINGS

	Notes	31 December 2014 $'000's	30 June 2014 $'000's
CURRENT			
Obligations under finance leases and hire purchase contracts		**519**	975
Other borrowings – non recourse		**3,897**	-
Total current interest bearing loans and borrowings		**4,416**	**975**
NON-CURRENT			
A$750m Syndicated Revolving Loan Facility A Tranche 1 (1)		**295,000**	295,000
A$750m Syndicated Revolving Loan Facility A Tranche 2 (1)		**180,000**	130,000
A$750m Syndicated Revolving Loan Facility B Tranche 1 (1)		**86,042**	83,534
A$750m Syndicated Revolving Loan Facility B Tranche 2 (1)		**86,042**	83,534
Capitalised borrowing costs		**(2,949)**	(3,473)
Total non-current interest bearing loans and borrowings		**644,135**	**588,595**

(1) During the current period proceeds raised from borrowings in relation to the syndicated debt facilities amounted to $110 million less repayments of $60 million. The net increase in proceeds have been partly used to fund the acquisitions of Sulo and Brazier (refer to Note 18), and other fixed capital requirements.

(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 2014 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 2014 $'000's		30 June 2014 $'000's	
	Carrying Value	Fair Value	Carrying Value	Fair Value
A$750m Syndicated Revolving Loan Facility A Tranche 1	**295,000**	**295,000**	295,000	295,000
A$750m Syndicated Revolving Loan Facility A Tranche 2	**180,000**	**180,000**	130,000	130,000
A$750m Syndicated Revolving Loan Facility B Tranche 1	**86,042**	**86,042**	83,534	83,534
A$750m Syndicated Revolving Loan Facility B Tranche 2	**86,042**	**86,042**	83,534	83,534
Total borrowings	**647,084**	**647,084**	**592,068**	**592,068**

(b) Defaults and breaches

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

NOTE 14: CONTRIBUTED EQUITY

	31 December 2014	30 June 2014
	$'000's	$'000's
Issued and paid up capital		
Ordinary shares fully paid	**1,489,797**	1,489,597

	31 December 2014 $'000's		30 June 2014 $'000's	
	Number of shares	$'000's	Number of shares	$'000's
Movements in contributed equity				
Ordinary shares:				
Beginning of the period	**294,097,961**	**1,489,597**	12	180,000
Issued during the period[1]	**47,058**	**200**	294,097,949	1,327,643
Transaction costs taken to equity	**-**	**-**	-	(25,285)
Tax benefit on transaction costs	**-**	**-**	-	7,239
End of the period	**294,145,019**	**1,489,797**	294,097,961	1,489,597

[1] Shares issued during the period include:
On 23 December 2014, 47,058 shares in the Company were issued, the shares are subject to voluntary escrow for 12 months and will be released from escrow on 24 December 2015.

(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.

(b) Capital management
When managing capital, management's objective is to ensure the entity continues as a going concern as well as to provide optimal returns to shareholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly assessing the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may recommend to the Board the amount of dividends (if any) to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 15: RESERVES

	31 December 2014	30 June 2014
	$'000's	$'000's
Foreign currency translation reserve	**23,484**	13,358
Cash flow hedge reserve	**(1,533)**	(630)
Common control reserve	**(928,385)**	(928,385)
Total reserves	**(906,434)**	(915,657)

Nature and purpose of reserves:

(a) 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.

(b) 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 19 for further disclosure on forward exchange contracts designated in cash flow hedge relationships.

NOTE 15: RESERVES (CONTINUED)

(c) Common control reserve
The common control reserve of $928.4m includes a balance of $942 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 year ended 30 June 2014.

NOTE 16: RETAINED EARNINGS

	31 December 2014	30 June 2014
	$'000's	$'000's
Retained losses at the beginning of the financial year	**(266,906)**	(324,595)
Net profit attributed to members of the Group	**41,789**	57,689
Dividend paid	**(27,939)**	-
Retained losses at the end of the reporting period	**(253,056)**	**(266,906)**

NOTE 17: DIVIDENDS

	31 December 2014	31 December 2013
	$'000's	$'000's
(a) Dividends paid		
Dividends paid during the half year	**27,939**	**-**
(b) Dividends not recognised at 31 December 2014		
Since the end of the period the directors have determined payment of an unfranked interim dividend of 9.5 cents per ordinary share (31 December 2013: nil). The interim dividend is expected to be paid on 2 April 2015.		
Based on the number of shares on issue at reporting date, the aggregate amount of the proposed dividend would be:	**27,944**	**-**

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2014

NOTE 18: BUSINESS COMBINATIONS

Summary of 31 December 2014 acquisitions

	Sulo[1]
	$'000's
Date acquired	08/08/2014
Fair value of net assets acquired	
Cash	1,088
Trade and other receivables	4,954
Prepayments	154
Inventory	5,312
Property, plant & equipment	19,923
Intangibles	85
Deferred tax asset	1,320
Total assets	**32,836**
Payables and other provisions	11,074
Employee provisions	995
Total liabilities	**12,069**
Fair value of identifiable net assets	**20,767**
Cash consideration paid	24,173
Deferred settlement	7,248
Total consideration paid	**31,421**
Provisional goodwill arising on acquisition	10,654
Net difference between fair value and consideration paid	**10,654**
Reconciliation of cash paid to Statement of Cash Flows	
Net cash acquired	1,088
Cash paid	24,173
Net cash consideration paid - Sulo	**23,085**
Net cash consideration paid – Brazier[2]	**1,000**
Net cash consideration paid – Total	**24,085**

[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 services of the Group.

The provisional goodwill of $10.7 million has arisen as a result of the purchase consideration exceeding the 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.

For the period 8 August 2014 to 31 December 2014 Sulo contributed $21.4 million of revenue and $2.0 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2014, contributions to revenue from continuing operations for the six months ended 31 December 2014 would have been $5.5 million higher and the contribution to profit from continuing operations 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 of Brazier Group Pty Ltd for $1.4 million. Management is in the process of finalising the acquisition, and provisional goodwill has not been recorded at 31 December 2014. In the statement of Financial Position $1.4 million has been recognised in Property, Plant & Equipment inclusive of fair value uplift. The total consideration of $1.4 million is represented by $1.0 million of cash payment, the issue of $0.2m shares in the Company, and $0.2 million of deferred settlement.

Finalisation of prior period acquisition accounting (Cinqplast)
Additional acquisition provisions of $0.2 million in relation to the Cinqplast acquisition were raised in the current period, but prior to 17 December 2014. The Company has recorded a total of $10.9 million of goodwill in the current period.

NOTE 18: BUSINESS COMBINATIONS (CONTINUED)

Summary of 30 June 2014 acquisitions

	Asia Peak[1]	Viscount China[2]	Ruffgar[3]	Cinqplast[4]	Total
	$'000's	$'000's	$'000's	$'000's	$'000's
Date acquired	17/12/2013	17/12/2013	17/12/2013	17/12/2013	
Fair value of net assets acquired					
Cash	378	1,238	554	106	2,276
Trade and other receivables (net of provision)	15,802	16,605	3,553	5,195	41,155
Prepayments	-	921	134	102	1,157
Inventory	-	3,374	1,680	3,707	8,761
Property, plant & equipment	15	19,662	6,711	17,449	43,837
Equity method investments	-	300	4,062	-	4,362
Deferred tax asset	-	127	34	421	582
Total assets	**16,195**	**42,227**	**16,728**	**26,980**	**102,130**
Payables and other provisions	16,070	10,073	1,746	6,026	33,915
Employee provisions	-	72	62	929	1,063
Interest bearing liabilities	92	-	11	10,440	10,543
Deferred tax liability	-	-	829	1,396	2,225
Total liabilities	**16,162**	**10,145**	**2,648**	**18,791**	**47,746**
Fair value of identifiable net assets	**33**	**32,082**	**14,080**	**8,189**	**54,384**
Cash consideration paid	500	18,000	23,200	7,000	48,700
Shares issued as consideration paid	-	-	24,870	11,599	36,469
Total consideration paid	**500**	**18,000**	**48,070**	**18,599**	**85,169**
Common control reserve	(467)	14,082	-	-	13,615
Goodwill arising on acquisition	-	-	33,990	29,767	63,757
Net difference between fair value and consideration paid	**(467)**	**14,082**	**33,990**	**29,767**	**77,372**
Reconciliation of cash paid to Statement of Cash Flows					
Net cash acquired	378	1,238	554	106	2,276
Cash paid	500	18,000	23,200	7,000	48,700
Net cash consideration paid	**122**	**16,762**	**22,646**	**6,894**	**46,424**

[1] Asia Peak Pte Ltd (Asia Peak)
On 17 December 2013 the Group purchased 100% of the shares in Asia Peak for cash. Asia Peak is incorporated in Singapore and was associated with Geminder Holdings Pty Ltd, the Group's former parent entity. Asia Peak acts as a procurement office for the Group. The Group acquired Asia Peak due to the integrated nature of Asia Peak's activities with those of the Group.

As Asia Peak was acquired by way of the common control exemption under AASB 3 Business Combinations, the difference between the fair value of the identifiable net assets acquired and the cash consideration paid of $0.5 million has been recorded in the common control reserve, refer to Note 15.

The trade and other receivables acquired amounted to $15.8 million of which $15.3 million was with Group entities. None of the trade receivables have been impaired and it is expected that the full contractual amounts will be collected.

For the period 17 December 2013 to 30 June 2014 Asia Peak contributed $2.8 million of revenue and $0.7 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2013, revenue from continuing operations for the twelve months ended 30 June 2014 would have been $4.4 million higher and the profit from continuing operations for the Group would have been $0.1 million higher.

[2] Viscount Plastics (China) Pty Ltd (Viscount China)
On 17 December 2013 the Group acquired 100% of the shares in Viscount China. Viscount China holds three manufacturing plants Changzhou Viscount Plastics Co. Ltd, Guangzhou Viscount Plastics Co. Ltd, Langfang Viscount Plastics Co. Ltd. and a 40% interest in Changzhou Viscount Oriental Mould Co Ltd. Viscount China manufactures and distributes injection moulded plastic products, bottles and rotationally moulded rigid plastic products. The Group acquired Viscount China as part of the Group's overall growth strategy to expand its presence in the Asian markets.

NOTE 18: BUSINESS COMBINATIONS (CONTINUED)

Summary of 30 June 2014 acquisition (continued)

As Viscount China was acquired by way of the common control exemption under AASB 3 Business Combinations, the difference between the fair value of the net assets acquired of $32.1 million and the cash consideration paid of $18.0 million has been recorded in the common control reserve, refer to Note 15.

The fair value of trade and other receivables acquired amounted to $16.6 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts will be collected. The deferred tax asset of $0.1 million mainly comprised the tax effect of provisions acquired.

For the period 17 December 2013 to 30 June 2014 Viscount China contributed $22.4 million of revenue and a net loss before tax of $0.1 million to the Group. If the combination had taken place at 1 July 2013, revenue from continuing operations for the twelve months ended 30 June 2014 would have been $23.6 million higher and the profit from continuing operations for the Group would have been $0.1 million lower.

(3) Ruffgar Holdings Pty Ltd (Ruffgar)
On 17 December 2013 the Group acquired 100% of the shares in Ruffgar. Ruffgar owns 100% of Plastop Asia Inc (Plastop Asia) and a 50% interest in Weener Plastop Asia Inc (Weener Plastop). Plastop Asia and Weener Plastop manufacture personal care injection moulded plastic products. The Group acquired Ruffgar as part of its overall growth strategy within the Asian region. Ruffgar shares were purchased for cash of $23.2 million and shares with a fair value of $24.9 million at the date of acquisition. The goodwill of $34.0 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 International operating segment.

The fair value of Ruffgar's trade receivables acquired amounted to $3.6 million. None of the trade receivables were impaired and it was expected that the full contractual amounts would be collected.

For the period 17 December 2013 to 30 June 2014 Ruffgar contributed $8.8 million of revenue and $1.9 million to the net profit before tax of the Group. If the combination had taken place at 1 July 2013, contributions to revenue from continuing operations for the twelve months ended 30 June 2014 would have been $7.2 million higher and the contribution to profit from continuing operations for the Group would have been $0.6 million higher.

(4) Cinqplast Plastop Australia Pty Ltd (Cinqplast)
On 17 December 2013 the Group acquired the remaining shares in Cinqplast including its controlled entity Steri-Plas Pty Ltd for cash of $7.0 million and shares with a fair value of $11.6 million at the date of acquisition. Cinqplast is involved in the manufacture of speciality plastic products. The Group acquired the remaining shares in Cinqplast as part of the Group's overall strategy to diversify its presence in plastic related industries. The goodwill of $29.8 million has arisen as a result of the purchase consideration exceeding the fair value of assets acquired. Goodwill is allocated to the Pact Australia operating segment.

The carrying value of the equity interest in Cinqplast immediately prior to the acquisition was $8.5 million. A gain of $10.8 million was recognised from remeasuring the equity interest in Cinqplast held by the Group to fair value in accordance with AASB 3 Business Combinations. The gain is disclosed in Note 3.

The fair value of trade and other receivables acquired amounted to $5.2 million. The gross amount of trade receivables was $5.3 million. The deferred tax asset mainly comprises the tax effect of provisions acquired.

For the period 17 December 2013 to 30 June 2014 Cinqplast contributed $13.7 million of revenue and a net profit before tax of $1.7 million to the Group. If the combination had taken place at 1 July 2013, revenue from continuing operations for the twelve months ended 30 June 2014 would have been $15.2 million higher and the profit from continuing operations for the Group would have been $0.6 million higher.

NOTE 19: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	31 December 2014	30 June 2014
	$'000's	$'000's
Other current financial assets		
Foreign exchange forward contracts(1)	**2,237**	**403**
Other current financial liabilities		
Foreign exchange forward contracts(1)	**378**	**1,342**
Other non-current financial liabilities		
Interest Rate Swaps(2)	**2,670**	**-**

(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 hedging highly probable forecasted purchases or payment obligations and their terms reflect those of the underlying payment obligations. At 31 December 2014, the Group hedged 98% (June 2014: 88%) of its foreign currency purchases for which highly probable forecasted transactions existed at the reporting date.

For purchases of inventory, the cash flows are expected to occur within six months of balance date and the cost of sales within profit or loss will be affected over the following period as the inventory is either used in production or sold. 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 2014, the Group hedge cover is 39% (June 2014: 0%) of its long term variable debt excluding working capital facilities (with cover starting on 20 January 2015 on commencement of the debt rollover, and is maturing on 20 October 2017).

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 2014 the Group assessed this risk to be insignificant.

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.

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2014

NOTE 19: FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The following table provides the fair value measurement hierarchy for assets and liabilities.

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	$'000's	$'000's	$'000's	$'000's
Half year ended 31 December 2014				
Asset measured at fair value				
Foreign exchange forward contracts	-	2,237	-	2,237
Liabilities measured at fair value				
Foreign exchange forward contracts	-	378	-	378
Interest rate swaps	-	2,670	-	2,670
Total	-	3,048	-	3,048
Year ended 30 June 2014				
Asset measured at fair value				
Foreign exchange forward contracts	-	403	-	403
Liabilities measured at fair value				
Foreign exchange forward contracts	-	1,342	-	1,342

There are no differences between the fair value and the book value of the assets and liabilities for the current or comparative period. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Risk Management

The Group's principal financial instruments comprise cash, receivables, payables, bank loans, bank overdrafts, finance leases and derivative instruments.

(a) Fair value

The fair value of the financial assets and liabilities is included at the amount at which 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 are comprised 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 techniques, 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.

NOTE 20: RELATED PARY DISCLOSURES

Parent entity
The parent of the Group is Pact Group Holdings Ltd. In the comparative period, Pact Group Holdings Ltd became the ultimate parent of the Group on the date it was listed on the Australian Securities Exchange being on 17 December 2013.

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 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (June 2014: nil).

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 Raphael Geminder (the Non-Executive Chairman of Pact) and are therefore related parties of the Group ("Centralbridge Leases"). The aggregate annual rent payable by Pact under the Centralbridge Leases for the six months ended 31 December 2014 was $3.5m. 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;
- one of the leases contains early termination rights in favour of the landlord to terminate the lease at the expiry of the 5th and 8th term;
- one of the leases contains 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.

Notes to the Half Year Condensed Consolidated Financial Report

For the period ended 31 December 2014

NOTE 20: RELATED PARY DISCLOSURES (CONTINUED)

(a) Transactions with related parties

The following table provides the total amount of transactions with related parties for the half year ended 31 December 2014 (31 December 2013 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:					
Geminder Holdings Pty Ltd [(1)]	**2014**	**-**	**-**	**(250)**	**7**
	2013	-	-	479	-
Associates and joint ventures:					
Other related parties – other director's interests:					
Albury Property Holdings Pty Ltd [(2)]	**2014**	**-**	**1,073**	**-**	**-**
	2013	-	1,391	-	(12)
Centralbridge (NZ) Ltd [(2)]	**2014**	**-**	**745**	**-**	**-**
	2013	-	1,077	-	-
Centralbridge Pty Ltd as Trustee for	**2014**	**-**	**347**	**-**	**-**
Centralbridge Unit Trust [(2)]	2013	-	333	-	-
Centralbridge Two Pty Ltd [(2)]	**2014**	**-**	**1,337**	**-**	**(43)**
	2013	-	2,819	-	(171)
P'Auer Pty Ltd [(3)]	**2014**	**374**	**4,528**	**291**	**-**
	2013	-	3,851	(130)	2
Pro-Pac Packaging Ltd [(4)]	**2014**	**4,289**	**2,595**	**-**	**1,045**
	2013	4,343	2,836	-	1,465

[(1)] In the comparative period as a result of the initial public offering on 17 December 2013, Geminder Holdings Pty Ltd no longer owns 100% of the Group. Geminder Holdings Pty Ltd remains a substantial shareholder and related party of the Group. Transactions disclosed above relate to transactions with Geminder Holdings Pty Ltd during the six months ended 31 December 2014 and the comparative six month period. The amount of fees received from Geminder Holdings Pty Ltd for the six month period was $250,000.

In addition to the transactions disclosed above, Viscount Plastics (China) Pty Ltd (Viscount China) has entered into a call option deed with respect of each of the relevant premises in China to which it holds a "granted land use right". Under these deeds, Geminder Holdings Pty Ltd (or its nominee) has the option to acquire the relevant premises in China for the book value as at 30 June 2013 plus any applicable purchaser taxes or duties. The term of the option is approximately three years from 17 December 2013. The effect of the call option is that any of the premises in China may be acquired by Geminder Holdings Pty Ltd (or its nominee) for less than market value.

The Company made an ASX announcement on 12 August 2014 that 123,361,119 of shares on issue that were subject to voluntary escrow were to be released from escrow after announcement of the full year results on 27 August 2014. Geminder Holdings Pty Ltd and Salvage Pty Ltd (an entity associated with Geminder Holdings) holding comprised 117,036,546 shares of this total, representing approximately 39.8% of the issued share capital in Pact.

[(2)] Payments to the entities represent lease payments for rental of sites.

[(3)] P'Auer Pty Ltd (P'Auer)
P'Auer an entity controlled by Raphael Geminder 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.

[(4)] Pro-Pac Packaging Limited (Pro-Pac)
Pro-Pac an entity for which Raphael Geminder owns approximately 49%, 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 $2.6 million for the six months ending 31 December 2014. The supply arrangement is on arm's length terms.

NOTE 20. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Transactions with related parties (continued)

(5) At the time of its ASX listing Pact entered into a memorandum of understanding with Dynapack Asia Pte Ltd giving Pact Group Holdings Ltd, or its nominee, the exclusive opportunity to negotiate the acquisition of all the shares in Dynapack Asia Pte Ltd at any time up to 12 months after 17 December 2013. As announced at the Annual General Meeting on 21 November 2014, after further consideration by non-related party board members it was decided that the transaction would not occur in the option period.

NOTE 21: 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:

	31 December 2014	31 December 2013
	$'000's	$'000's
Net profit attributable to ordinary equity holders of Pact from continuing operations	**41,789**	(1,986)
Net profit attributable to ordinary equity holders of Pact for basic earnings	**41,789**	(1,986)
Net profit attributable to ordinary equity holders of Pact adjusted for the effect of dilution(1)	**41,789**	**(1,986)**
Weighted average number of ordinary shares for basic earnings per share	**294,100,018**	**36,959,347**
	$	$
(Loss) / Earnings per share	**0.142**	**(0.054)**

(1) There is no dilutive impact as the Group does not have options over shares as at 31 December 2014.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the Half Year Condensed Consolidated Financial Report
For the period ended 31 December 2014

NOTE 22: SEGMENT INFORMATION

An operating 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.

Operating 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 operating segments, Pact Australia (PA) and Pact International (PI), focusing on earnings before net finance costs and tax (EBIT) before significant items as a segment result. EBIT is calculated as earnings before finance costs, net of interest revenue, and tax.

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 2014			31 December 2013		
	$'000's			$'000's		
	Pact Australia	Pact International	Total	Pact Australia	Pact International	Total
Sales Revenue	**451,147**	**183,868**	**635,015**	414,012	153,595	**567,607**
EBIT before significant items	**40,306**	**36,393**	**76,699**	39,170	35,796	**74,966**

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

	31 December 2014	31 December 2013
	$'000's	$'000's
EBIT before significant items	**76,699**	**74,966**
Significant items		
Reversal of unrealised revaluation gain on hedges	-	(3,791)
Swap break costs	-	(6,407)
IPO transaction costs	-	(5,245)
Write-off of capitalised borrowing costs	-	(21,576)
Gain on business acquisition	-	10,834
Total significant items	-	**(26,185)**
EBIT after significant items	**76,699**	**48,781**
Finance costs	**(16,830)**	(49,944)
Net (loss) / profit before tax	**59,869**	**(1,163)**
Income tax (expense) / benefit	**(18,055)**	(766)
Net Profit / (loss) after tax	**41,814**	**(1,929)**

(c) Segment assets and liabilities

	31 December 2014			30 June 2014		
	$'000's			$'000's		
	Pact Australia	Pact International	Total	Pact Australia	Pact International	Total
Segment assets	**852,482**	**473,698**	**1,326,180**	769,592	434,477	**1,204,069**
Segment liabilities	**727,596**	**268,001**	**995,597**	649,278	247,506	**896,784**

NOTE 23: SUBSEQUENT EVENTS

On 25 February, 2015 the Company reported its intention to complete a detailed efficiency review of its activities. As work is still in the preliminary phase there has been no impact to the 31 December, 2014 financial statements. However should work proceed to rationalise the manufacturing resources of the Group, it is likely that there will be a financial impact in the second half of the financial year.

Directors’ Declaration

In the Directors’ opinion:

1. The half-year 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 2014 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
Chairman

……………………………...…
Brian Cridland
Managing Director and Chief Executive Officer

Dated 25 February 2015

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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 statement of financial position as at 31 December 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 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 audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 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 2014 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

Tim Wallace
Partner

Melbourne
25 February 2015