APPENDIX 4D
Half-Year Report

Name of entity:	**Pact Group Holdings Ltd**
ABN:	**55 145 989 644**

Half-year ended ('current period')	Half-year ended ('previous corresponding period')
31 December 2017	**31 December 2016**

Results for announcement to the market

				$'000
Revenue from ordinary activities	Up	11.2%	to	812,241
Net profit from ordinary activities after tax attributable to members	Down	12.2%	to	44,128
Net profit for the period attributable to members	Down	12.2%	to	44,128

Dividends	Amount per security	Franked amount per security	Total dividend amount ($'000)
Current year to 31 December 2017			
Interim Dividend (per ordinary share)	11.50 cents	7.48 cents	38,236
Prior year to 30 June 2017			
Final Dividend (per ordinary share)	11.50 cents	7.48 cents	34,412
Interim Dividend (per ordinary share)	11.50 cents	7.48 cents	34,412

Record date for determining entitlements to the dividend:	Ordinary shares	2 March 2018
Payment date of dividend:	Ordinary shares	5 April 2018

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security [1]	$0.12	$(0.36)

[1] Net tangible assets excludes goodwill and other intangible assets (refer to note 3.1 in the Half-year Consolidated Financial Report)

For the profit commentary and any other significant information needed by an investor to make an informed assessment of the results for Pact Group Holdings Ltd ('Pact') please refer to the accompanying Half-year Consolidated Financial Report.

Jonathon West
Company Secretary

Dated: 21 February 2018

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Pact Group Holdings Ltd

Results for the half-year ended 31 December 2017

The Group has reported sales revenue of $808.1 million for the half-year ended 31 December 2017, up 11% compared to the prior corresponding period (pcp). Statutory net profit after tax (NPAT) for the half-year was $44.1 million, compared to $50.2 million in the pcp. NPAT before significant items[3] for the half-year was $50.5 million (pcp: $52.9 million).

SUMMARY

- Sales revenue up 11% to $808.1 million (pcp: $727.4 million)
- EBITDA[1] in line with AGM guidance and pcp at $120.7 million (pcp: $120.9 million)
- EBIT[2] of $86.8 million (pcp: $90.2 million), impacted by higher depreciation and amortisation
- NPAT[3] of $50.5 million (pcp: $52.9 million)
- Earnings benefits realised from transformational growth initiatives undertaken in the prior year
- Strong underlying revenue growth in Australia in the contract manufacturing, materials handling and sustainability sectors
- Stable rigid packaging volumes supported by improved demand in the health and wellness sector
- Commissioning of the new crate pooling business completed on time, with earnings in the period ahead of expectation
- Operational Excellence Program driving improved efficiency, partially mitigating price and cost impacts in the rigid packaging business
- Acquisition of a strategic growth platform in Asia
- Interim ordinary dividend of 11.5 cents per share (pcp: 11.5 cents per share)
- Continued strong cash generation
- Robust balance sheet supported by $176 million equity raising with gearing[4] of 2.2x and interest cover[5] of 7.6x

Key Financial Highlights - $millions	Dec 2017	Dec 2016	Change %
Sales Revenue	**808.1**	727.4	11%
EBITDA[1]	**120.7**	120.9	-
EBIT[2]	**86.8**	90.2	(4%)
NPAT[3]	**50.5**	52.9	(4%)
Statutory NPAT	**44.1**	50.2	(12%)
Interim Dividend – cents per share	**11.5**	11.5	-

BUSINESS HIGHLIGHTS

- Commissioning of the crate pooling business in Australia to support fresh produce supply to Woolworth's completed on time, with earnings in the period above expectation.
- Improved volumes in contract manufacturing, with growth in all key product segments and earnings in the period above expectation.
- Steady volumes into materials handling and sustainability sectors overall, with stronger volumes in Australia mitigating the impact of lower volumes in New Zealand due to project timing.
- Rigid packaging volumes stable with improved volumes in the health and wellness sector offset by lower demand in the dairy, food and beverage sector due in part to a major customer plant closure.
- Significant enhancement of the Group's geographic diversity following the acquisition of the Asian packaging operations (excluding Japan) of Closure Systems International (CSI) and the Guangzhou China facility of Graham Packaging Company. This acquisition, excluding Nepal, completed on 15 February 2018 for a provisional consideration of US$109 million. The Group expects to complete the acquisition of CSI Nepal for provisional consideration of US$4.8 million by 30 June 2018. The acquisition is strongly aligned with the Group's capability in rigid packaging, builds scale to the existing footprint in Asia and significantly enhances customer diversity, manufacturing, technology and management capability to accelerate growth within the region. The acquired businesses provide a low-cost manufacturing base with opportunity to support new product sales into existing markets.
- Acquisition of the net assets of ECP Industries, a West Australian based Intermediate Bulk Container (IBC) and tank reconditioning business (completed on 30 November 2017, for provisional consideration of $11.5 million), providing attractive growth to the Group's existing materials handling and sustainability businesses.
- Continued roll-out of the Operational Excellence Program with earnings benefits in line with expectation, partly mitigating the impact of higher costs and strategic contract extensions in the rigid packaging businesses.
- Strong interim dividend of 11.5 cents per share, franked to 65%.
- Continued strong operating cashflow and disciplined balance sheet management.
- Successful $176 million equity raising, improving liquidity.

OUTLOOK

We maintain our previous earnings guidance. That is, we expect to achieve higher revenue and earnings (before significant items) in FY2018, subject to global economic conditions.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

GROUP RESULTS

Half Year ended - $'000	Dec 2017	Dec 2016	Change %
Sales revenue	**808,146**	727,386	11.1%
Other revenue (excluding interest revenue)	**4,721**	3,008	
Expenses	**(692,154)**	(609,537)	
EBITDA[1]	**120,713**	120,857	(0.1%)
EBITDA margin	**14.9%**	16.6%	
Depreciation and amortisation	**(33,924)**	(30,706)	
EBIT[2]	**86,789**	90,151	(3.7%)
EBIT margin	**10.7%**	12.4%	
Significant items (before tax)	**(6,723)**	(2,963)	
EBIT after significant items	**80,066**	87,188	(8.2%)
Net finance costs expense	**(16,172)**	(15,625)	
Income tax expense	**(20,112)**	(21,653)	
Significant tax items	**346**	336	
Statutory NPAT	**44,128**	50,246	(12.2%)
Non-controlling interest	**-**	-	
Net profit after tax attributable to shareholders	**44,128**	50,246	(12.2%)

Sales Revenue

Group sales revenue for the half year increased 11.1% versus the pcp to $808.1 million, driven by transformational growth initiatives undertaken in the prior year and improved underlying sales.

The acquisitions of Pascoe's and Australian Pharmaceutical Manufacturers (APM), completed in FY2017, and the start-up of the new crate pooling business in Australia in August 2017 contributed combined incremental sales revenue of $70 million in the period.

Underlying sales revenue was up 1.5% versus the pcp with the benefit of stronger volumes partly offset by the adverse impact of foreign exchange movements. Solid underlying growth was delivered in Australia, with strong demand in the contract manufacturing, materials handling and sustainability sectors. This was partly offset by lower volumes in International markets. Rigid packaging volumes were generally stable with improved volumes in the health and wellness sector offset by lower demand in the dairy, food and beverage sector due in part to a major customer plant closure.

EBIT

EBITDA was in line with the pcp, favourably impacted by higher overall volumes and benefits from the Operational Excellence Program, which together offset the impact of adverse foreign exchange movements, lower pricing following strategic contract extensions in the prior year, and higher costs in the Australian rigid packaging businesses to support product quality and customer delivery. EBIT of $86.8 million for the half year was 3.7% ($3.4 million) lower than the pcp due to higher depreciation and amortisation from acquisitions and the new crate pooling business.

EBIT margins at 10.7% were 1.7% lower than the pcp.

Significant Items

Pre-tax significant items for the half year were an expense of $6.7 million, including costs associated with the completion of the Efficiency Program announced in FY2015 ($1.0 million), acquisition costs ($0.6 million) and deferred settlement costs ($5.1 million). The latter represents revisions to earn-out provision estimates, mostly due to stronger than expected earnings from Pascoe's in the period.

Net Finance Expense

Net financing costs for the half year were $16.2 million, an increase of $0.5 million compared to the pcp. The benefit of lower market interest rates was offset by the impact of higher average net debt during the period following acquisitions in the prior year, partly offset by the benefit to net debt of the equity raising completed in November and December. Interest cover of 7.6x was in line with the pcp.

Income Tax Expense and Significant Tax Items

The income tax expense for the half year was $20.1 million, representing an average tax rate of 28.5% of net profit before tax and significant items, in line with the statutory tax rates payable by the Group across its main operating geographies, an improvement on the pcp (29.1%). The significant tax item for the half year is a benefit of $0.3 million relating to the significant expense items noted above and in line with the prior half year.

Net Profit after Tax

Statutory NPAT for the half year was $44.1 million compared to $50.2 million in the pcp. Excluding significant items, NPAT was $50.5 million compared to $52.9 million in the pcp.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

BALANCE SHEET

$'000	Dec 2017	June 2017	Change %
Cash	**47,035**	39,592	18.8%
Other current assets	**332,342**	310,988	6.9%
Property plant & equipment	**684,604**	677,132	1.1%
Intangible assets	**545,015**	547,333	(0.4%)
Other assets	**56,790**	55,345	2.6%
Total Assets	**1,665,786**	1,630,390	2.2%
Interest bearing liabilities	**566,180**	686,210	(17.5%)
Other Liabilities payables & provisions	**515,645**	539,072	(4.3%)
Total Liabilities	**1,081,825**	1,225,282	(11.7%)
Net Assets	**583,961**	405,108	44.1%
Net Debt[6]	**519,145**	646,618	(19.7%)

Net debt at the end of the half year was $519.1 million, a reduction of $127.5 million from 30 June 2017, favourably impacted by $172.4 million in net proceeds from the equity raising completed during the period, partly offset by a seasonal increase in working capital. The decrease in net debt compared to the 31 December 2016 comparative period is $143.8 million, with the benefit from the equity raising partly offset by the acquisition of Pascoe's and ECP Industries.

The Group has several revolving debt facilities and a working capital facility with total commitments of $1,045.8 million, of which $456.7 million is undrawn at 31 December 2017. The facilities are spread across multiple maturities, with the working capital facility revolving with an annual review. The debt facilities include a $376.9 million loan facility maturing in July 2018, a $377.6 million loan facility maturing in July 2020, a $150.0 million loan facility maturing in October 2021, and a term loan facility for $120.0 million, maturing in November 2024.

The latter $120 million 7-year term loan facility was implemented during the period to partly replace facilities due to expire in July 2018. The Group is well advanced in re-financing the remaining $256.9 million due to expire. Average tenor is 2.5 years.

Financing metrics	Dec 2017	Dec 2016	Change
Gearing[4]	**2.2x**	2.9x	(0.7)
Interest Cover[5]	**7.6x**	7.6x	0.0

As at 31 December 2017 gearing was 2.2x, an improvement from 2.9x in the pcp, favourably impacted by proceeds from the equity raising. Excluding equity raising proceeds, gearing would have been slightly under 3.0x with the increase from the pcp driven by funding requirements for growth projects over the last 12 months, including the acquisitions of Pascoe's and ECP Industries and further expenditure on the new crate pooling business in Australia.

CASHFLOW

$'000	Dec 2017	Dec 2016	Change %
Cashflow from operating activities	**29,927**	25,190	18.8%
Capital expenditure	**(45,260)**	(50,599)	(10.6%)
Purchase of businesses and subsidiaries	**(3,467)**	(94,163)	(96.3%)
Net proceeds from issuance of shares	**172,573**	-	-

Statutory operating cash flow including proceeds from securitisation was $29.9 million for the half year, up $4.7 million compared to the pcp. The inflow from securitisation of trade debtors was $1.2 million in the half year compared to $4.3 million in the pcp. Excluding securitisation inflows, statutory operating cash flow was $7.8 million higher than the pcp.

Payments for property plant and equipment were $45.3 million in the half year, compared to $50.6 million in the pcp. Capital expenditure on the establishment of crate pooling operations in Australia is largely complete.

Payments for purchase of businesses and subsidiaries of $3.5 million includes ECP Industries ($10.4 million), partly offset by a purchase price adjustment in relation to working capital of $5.5 million in relation to the Pascoe's acquisition along with some small adjustments to other prior year acquisitions.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

REVIEW OF OPERATIONS

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 80% of the Group's total sales revenue in the first half of FY2018.

Half Year Ended 31 December $'000	Dec 2017	Dec 2016	Change %
Sales Revenue	**642,824**	543,008	18.4%
EBIT[2]	**56,103**	53,261	5.3%
EBIT Margin %	***8.7%***	*9.8%*	*(1.1%)*

Pact Australia delivered strong growth in sales revenue and an uplift in EBIT in the period.

Sales revenue at $642.8 million was $99.8 million or 18.4% higher than the pcp. Sales were positively impacted by acquisitions in the prior year (APM and Pascoe's) and the start-up of the new crate pooling business, which together contributed $70 million in incremental revenue.

Excluding these impacts, sales revenue was up 5.5%, driven by strong demand in the contract manufacturing sector, and favourable timing of projects in the materials handling and sustainability sectors. Rigid packaging volumes were in line with the prior period with improved volumes in the health and wellness sector offset by lower demand in the dairy, food and beverage sector, due in part to a major customer plant closure. The Australian contract portfolio was generally stable, supported by strategic contract extensions secured in the prior year.

EBIT for the half year was $56.1 million, up 5.3% versus the pcp. Depreciation and amortisation was $3.0 million higher, impacted by the start-up of the new crate pooling business and prior year acquisitions. EBITDA was $5.8 million higher, with the contribution to earnings from strong volume growth and incremental benefits from the Operational Excellence Program, partly offset by lower pricing, following contract extensions in the prior year, and higher costs in the rigid packaging businesses to support quality and customer delivery.

EBIT margins in Pact Australia were 1.1% lower at 8.7%.

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 20% of the Group's total sales revenue in the first half of FY2018.

Half Year Ended 31 December $'000	Dec 2017	Dec 2016	Change %
Sales Revenue	**165,322**	184,378	(10.3%)
EBIT[2]	**30,686**	36,890	(16.8%)
EBIT Margin %	***18.6%***	*20.0%*	*(1.4%)*

Sales and EBIT were lower than the pcp in the Pact International segment.

Sales revenue of $165.3 million was $19.1 million lower than pcp, partly due to unfavourable foreign exchange impacts of $8 million. Volumes were lower, impacted by the timing of council bin projects in New Zealand and lower industrial volumes in China. Demand for consumer packaging was generally stable. Industrial packaging into the dairy sector was in line with the prior year, a good result after a weak start to the season.

EBIT for the half year of $30.6 million was $6.2 million lower than the pcp. EBIT was adversely impacted by unfavourable foreign exchange impacts of $2 million, lower volumes and lower price following strategic contract extensions in the pcp. This was partly offset by good cost control and efficiency benefits delivered through the Operational Excellence Program.

EBIT margins in Pact International were 1.4% lower at 18.6%.

Footnotes

This report includes certain non-IFRS financial information which have not been subject to review by the Company's external auditor. This information is used by Pact, the investment community and Pact's Australian peers with similar business portfolios. Pact uses this information for its internal management reporting as it better reflects what Pact considers to be its underlying performance.

(1) EBITDA refers to EBITDA before significant items and is a non-IFRS financial measure which is calculated as earnings before significant items, finance costs (net of interest revenue), tax, depreciation and amortisation.
(2) EBIT refers to EBIT before significant items and is a non-IFRS financial measure which is calculated as earnings before significant items, finance costs (net of interest revenue) and tax.
(3) NPAT refers to NPAT before significant items and is a non-IFRS financial measure which is calculated as net profit after tax before significant items.
(4) Gearing is a non-IFRS financial measures which is calculated as net debt divided by rolling 12 months EBITDA. Net debt is calculated as interest bearing liabilities less cash and cash equivalents
(5) Interest cover is a non-IFRS financial measures which is calculated as rolling 12 months EBITDA divided by rolling 12 months net interest expense.
(6) Net debt is a non-IFRS financial measure and is calculated as interest bearing liabilities less cash and cash equivalents

HALF-YEAR CONSOLIDATED FINANCIAL REPORT

For the period ended 31 December 2017

PACT GROUP

Pact Group Holdings Ltd
ABN: 55 145 989 644

HALF-YEAR FINANCIAL REPORT

Consolidated Half-Year Financial Report
For the period ended 31 December 2017

Introduction

This is the Consolidated Half-Year Financial Report of Pact Group Holdings Ltd ("Pact" or the "Company") and its subsidiaries (together referred to as the "Group") including the Group's interest in associates and jointly controlled entities at the end of, or during the period ended 31 December 2017. This Consolidated Half-Year Financial Report was issued in accordance with a resolution of the Directors on 21 February 2018.

This Consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2017 and any public announcements made by Pact during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Contents

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2017

$'000	Notes	Dec 2017	Dec 2016
Sales revenue		**808,146**	727,386
Raw materials and consumables used		**(345,977)**	(303,525)
Employee benefits expense		**(199,564)**	(180,366)
Occupancy, repair and maintenance, administration and selling expenses		**(147,383)**	(126,781)
Interest and other income		**4,095**	3,295
Other (losses) / gains	1.2	**(5,953)**	(2,693)
Depreciation and amortisation expense		**(33,924)**	(30,706)
Finance costs and loss on de-recognition of financial assets	4.1	**(16,468)**	(15,912)
Share of profit in associates		**922**	865
Profit before income tax expense		**63,894**	71,563
Income tax expense		**(19,766)**	(21,317)
Net Profit for the period		**44,128**	50,246
Items that will be reclassified subsequently to profit or loss			
Cash flow hedges gains taken to equity		**454**	970
Foreign currency translation (losses) / gains		**(5,175)**	509
Income tax on items in other comprehensive income		**(134)**	(291)
Other comprehensive (loss) / income for the period, net of tax		**(4,855)**	1,188
Total comprehensive income for the period		**39,273**	51,434
Attributable to:			
Equity holders of the parent entity		**39,273**	51,434
Total comprehensive income for the Group		**39,273**	51,434
$			
Basic earnings per share		**0.145**	0.169
Diluted earnings per share		**0.144**	0.168

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

Consolidated Statement of Financial Position
As at 31 December 2017

$'000	Notes	Dec 2017	June 2017
CURRENT ASSETS			
Cash and cash equivalents		**47,035**	39,592
Trade and other receivables		**147,546**	132,735
Inventories		**172,489**	168,906
Other current financial assets		**378**	155
Prepayments		**11,929**	9,192
TOTAL CURRENT ASSETS		**379,377**	350,580
NON-CURRENT ASSETS			
Trade and other receivables		**1,610**	1,798
Prepayments		**4,101**	4,528
Property, plant and equipment		**684,604**	677,132
Investments in associates and joint ventures		**19,652**	18,501
Intangible assets	3.1	**545,015**	547,333
Deferred tax assets		**31,427**	30,518
TOTAL NON-CURRENT ASSETS		**1,286,409**	1,279,810
TOTAL ASSETS		**1,665,786**	1,630,390
CURRENT LIABILITIES			
Trade and other payables		**359,757**	383,484
Employee benefits provisions		**35,830**	35,587
Other provisions		**2,545**	3,084
Interest-bearing loans and borrowings	4.1	**362,731**	-
Other current financial liabilities		**1,667**	2,155
TOTAL CURRENT LIABILITIES		**762,530**	424,310
NON-CURRENT LIABILITIES			
Trade and other payables		**18,464**	18,694
Employee benefits provisions		**7,359**	6,425
Other provisions		**27,160**	24,932
Interest-bearing loans and borrowings	4.1	**203,449**	686,210
Other non-current financial liabilities		**693**	1,421
Deferred tax liabilities		**62,170**	63,290
TOTAL NON-CURRENT LIABILITIES		**319,295**	800,972
TOTAL LIABILITIES		**1,081,825**	1,225,282
NET ASSETS		**583,961**	405,108
EQUITY			
Contributed equity	4.2	**1,690,476**	1,517,097
Reserves		**(909,974)**	(905,732)
Retained earnings		**(196,541)**	(206,257)
TOTAL EQUITY		**583,961**	405,108

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

Consolidated Statement of Changes in Equity
For the period ended 31 December 2017

	Attributable to equity holders of the Parent entity						
$'000	Contributed equity	Common control reserve	Cash flow hedge reserve	Foreign currency translation reserve	Share based payments reserve	Retained Earnings	Total equity
Half-Year ended 31 December 2017							
As at 1 July 2017	**1,517,097**	**(928,385)**	**(1,490)**	**23,043**	**1,100**	**(206,257)**	**405,108**
Profit for the period	-	-	-	-	-	**44,128**	**44,128**
Other comprehensive income / (loss)	-	-	**320**	**(5,175)**	-	**-**	**(4,855)**
Total comprehensive income	-	-	**320**	**(5,175)**	-	**44,128**	**39,273**
Issuance of share capital	**175,559**	**-**	**-**	**-**	**-**	**-**	**175,559**
Transaction costs taken to equity	**(2,986)**	**-**	**-**	**-**	**-**	**-**	**(2,986)**
Tax benefit on transaction costs	**806**	**-**	**-**	**-**	**-**	**-**	**806**
Total equity transactions	**173,379**	**-**	**-**	**-**	**-**	**-**	**173,379**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(34,412)**	**(34,412)**
Share based payments expense	**-**	**-**	**-**	**-**	**613**	**-**	**613**
Transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**	**613**	**(34,412)**	**(33,799)**
Balance as at 31 December 2017	**1,690,476**	**(928,385)**	**(1,170)**	**17,868**	**1,713**	**(196,541)**	**583,961**
Half-Year ended 31 December 2016							
As at 1 July 2016	1,502,097	(928,385)	(2,498)	27,200	322	(229,542)	369,194
Profit for the period	-	-	-	-	-	50,246	50,246
Other comprehensive income	-	-	679	509	-	-	1,188
Total comprehensive income	-	-	679	509	-	50,246	51,434
Shares issued as consideration for business acquisitions	15,000	-	-	-	-	-	15,000
Dividends paid	-	-	-	-	-	(32,644)	(32,644)
Share based payments expense	-	-	-	-	389	-	389
Transactions with owners in their capacity as owners	15,000	-	-	-	389	(32,644)	(17,255)
Balance as at 31 December 2016	1,517,097	(928,385)	(1,819)	27,709	711	(211,940)	403,373

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

Consolidated Statement of Cash Flows
For the period ended 31 December 2017

$'000	Notes	Dec 2017	Dec 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**421,370**	383,634
Receipts from securitisation program		**455,457**	393,693
Payments to suppliers and employees		**(813,235)**	(724,039)
Income tax paid		**(19,844)**	(16,848)
Interest received		**66**	59
Proceeds from securitisation of trade debtors		**1,181**	4,338
Borrowing, trade debtor securitisation and other finance costs paid		**(15,068)**	(15,647)
Net cash flows provided by operating activities		**29,927**	25,190
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(45,260)**	(50,599)
Purchase of businesses and subsidiaries, net of cash acquired		**(3,467)**	(94,163)
Payments for investment in associates and joint ventures		**(1,055)**	-
Proceeds from sale of property, plant and equipment		**1,760**	188
Sundry items		**-**	142
Net cash flows used in investing activities		**(48,022)**	(144,432)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of shares		**172,573**	-
Proceeds from borrowings		**143,375**	386,181
Repayment of borrowings		**(255,646)**	(243,621)
Payment of dividend		**(34,412)**	(32,644)
Net cash flows provided by financing activities		**25,890**	109,916
Net increase/ (decrease) in cash and cash equivalents		**7,795**	(9,326)
Cash and cash equivalents at the beginning of the period		**39,592**	51,885
Effect of exchange rate changes on cash and cash equivalents		**(352)**	(38)
Cash and cash equivalents at the end of the period		**47,035**	42,521

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

Section 1 – Our Performance

1.1 GROUP RESULTS

Sales revenue

$'000	Dec 2017	Dec 2016
Pact Australia	**642,824**	543,008
Pact International	**165,322**	184,378
TOTAL	**808,146**	727,386

Pact's chief operating decision maker is the Managing Director and Chief Executive Officer (CEO). The CEO monitors results by reviewing two reportable segments, Pact Australia (PA) and Pact International (PI), focusing on reported EBIT (earnings before finance costs and loss on de-recognition of financial assets, net of interest income, tax and significant items). As required by AASB 8: *Operating Segments*, the results above have been reported on a consistent basis to that supplied to the CEO.

Reportable segments	Countries of Operation	Products/services
• Pact Australia	• Australia	• Manufacture and supply of rigid plastic and metal packaging and associated services
• Pact International	• New Zealand • China • Indonesia • Philippines • Singapore • Thailand	• Contract manufacturing and packing services (Pact Australia only) • Manufacture and supply of materials handling products and the provision of associated services • Recycling and sustainability services

EBIT

$'000	Dec 2017	Dec 2016
Pact Australia	**56,103**	53,261
Pact International	**30,686**	36,890
EBIT	**86,789**	90,151

Net profit after tax

The reconciliation of EBIT shown above and the net profit after tax disclosed in the Consolidated Statement of Comprehensive Income is as follows:

$'000	Dec 2017	Dec 2016
EBIT (Pact Australia + Pact International)	**86,789**	90,151
Significant items		
Acquisition costs(1)	**(581)**	(977)
Deferred settlement costs (earn-out)(2)	**(5,119)**	-
Business Restructuring Program(3)		
• restructuring costs	**(1,023)**	(1,986)
Total significant items	**(6,723)**	(2,963)
EBIT after significant items	**80,066**	87,188
Finance costs(4)	**(16,172)**	(15,625)
Net profit before tax	**63,894**	71,563
Income tax expense	**(19,766)**	(21,317)
Net profit after tax	**44,128**	50,246

(1) Acquisition costs includes professional fees, stamp duty and all other costs associated with business acquisitions.
(2) Adjustments to contingent consideration provisions raised in relation to acquisitions made in the year ended 30 June 2017.
(3) The business restructuring programs relate to the optimisation of business facilities across the Group as announced in a prior period, and further restructuring activities initiated in the current period.
(4) Net finance costs includes Interest income of $296,000 (Dec 2016: $287,000)

1.2 OTHER (LOSSES) / GAINS

The amounts disclosed in the table below are the amounts recognised in the Statement of Comprehensive Income:

$'000	Dec 2017	Dec 2016
Total Significant items	**(6,723)**	(2,963)
Other gains		
Unrealised gains on revaluation of foreign exchange forward contracts	**106**	91
Realised net foreign exchange gains	**415**	94
Gain on sale of property, plant and equipment	**249**	85
Total other gains	**770**	270
Total other losses	**(5,953)**	(2,693)

1.3 DIVIDENDS

$'000	Dec 2017	Dec 2016
Dividends paid during the financial period	**34,412**	32,644

Dividends not recognised at 31 December 2017

Since the end of the period the directors have determined payment of a 65% franked interim dividend of 11.5 cents per ordinary share (Dec 2016: 11.5 cents). The interim dividend is expected to be paid on 5 April 2018.		
Based on the number of shares on issue at reporting date, the aggregate amount of the proposed dividend would be:	**38,236**	34,412

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

Section 2 – Our Operational Footprint

2.1 BUSINESSES ACQUIRED

Summary of period ended 31 December 2017 acquisitions:

$'000	ECP Industries Pty Ltd[1]
Comprising of:	
• Cash consideration paid	10,425
• Contingent consideration	1,086
Provisional consideration paid	**11,511**
• Assets	
▫ Inventory	234
▫ Property, plant & equipment	447
▫ Deferred tax assets	160
• Liabilities	
▫ Trade payables and other provisions	(12)
▫ Employee benefits provisions	(128)
Fair value of identifiable net assets	**701**
Provisional goodwill arising on acquisition	**10,810**

On 30 November 2017 the Group purchased the net assets of ECP Industries Pty Ltd ('ECP'), for a provisional consideration of $11.5 million. ECP is a West Australian based Intermediate Bulk Container ('IBC') reconditioning business that also deals in the reconditioning, repairing and leasing of bulk liquid tanks.

The acquisition provides Pact with the capability to offer national coverage for these services, and provides the opportunity for future growth.

Provisional goodwill of $10.8 million has arisen as a result of the purchase consideration exceeding the fair value of identifiable net assets acquired, and represents the synergistic value with the current business. Goodwill is allocated to the Pact Australia reportable segment. This goodwill will not be deductible for tax purposes.

From the date of acquisition to 31 December 2017 ECP contributed $0.4 million of revenue and $0.1 million to net profit before tax of the Group. If the combination had taken place at 1 July 2017, contributions to revenue for the period ended 31 December 2017 would have been $2.7 million higher and the contribution to profit before tax for the Group would have been $0.8 million higher.

2.2 ASSOCIATES AND JOINT VENTURES

At 31 December 2017 the Group held the following investments in associates:

Name of associate	Pact's ownership interest
Changzhou Viscount Oriental Mould Co Ltd	40%
Spraypac Products (NZ) Ltd	50%
Weener Plastop Asia Inc	50%
Gempack Weener	50%
Weener Plastop Indonesia Inc	50%

There have been no material changes in Investments in Associates in the six months ended 31 December 2017. The results of the above operations are not material to the Group.

Section 3 – Intangible Assets

3.1 INTANGIBLE ASSETS

Intangible assets are comprised of the following:

$'000	Customer contracts[1]	Other intangibles[1]	Goodwill	Total
Half year ended 31 December 2017				
At 1 July 2017 net of accumulated amortisation and impairment	**25,881**	**10,395**	**511,057**	**547,333**
Intangible asset arising on acquisition[2]	**-**	**-**	**7,123**	**7,123**
Foreign exchange translation movements	**-**	**(5)**	**(7,697)**	**(7,702)**
Amortisation	**(1,405)**	**(334)**	**-**	**(1,739)**
At 31 December 2017 net of accumulated amortisation and impairment[3]	**24,476**	**10,056**	**510,483**	**545,015**
Represented by:				
At cost	**28,106**	**12,525**	**510,483**	**551,114**
Accumulated amortisation and impairment	**(3,630)**	**(2,469)**	**-**	**(6,099)**

(1) Customer contracts are recognised at cost and amortised over their useful lives. Other intangibles includes a balance of $1.8m which has an indefinite life and is not amortised, all other intangibles are recognised at cost and amortised over their useful lives.
(2) An additional $10.8 million provisional goodwill has been recognised in the period in relation to the ECP acquisition, and a further $3.7 million reduction in goodwill in the current period in relation to prior year acquisitions.
(3) There are $nil impairment charges against the goodwill balance at 31 December 2017 (Dec 2016: $nil).

$'000	Customer contracts	Other intangibles	Goodwill	Total
Year ended 30 June 2017				
At 1 July 2016 net of accumulated amortisation and impairment	-	2,472	415,472	417,944
Intangible asset arising on acquisition	28,106	8,544	95,760	132,410
Foreign exchange translation movements	-	(9)	(175)	(184)
Amortisation	(2,225)	(612)	-	(2,837)
At 30 June 2017 net of accumulated amortisation and impairment	25,881	10,395	511,057	547,333
Represented by:				
At cost	28,106	12,554	511,057	551,717
Accumulated amortisation and impairment	(2,225)	(2,159)	-	(4,384)

$'000	Dec 2017	June 2017
Goodwill and intangible assets with indefinite lives are allocated to the following group of CGU's and segments[1]:		
• Pact Australia	**309,915**	304,460
• Pact International	**202,330**	208,359

(1) This is the lowest level where goodwill is monitored.

Section 4 – Capital Structure

4.1 NET DEBT

Debt profile

CURRENT

Pact has the following current interest bearing loans and borrowings at 31 December:

$'000	Dec 2017	June 2017
Syndicated Facility Agreements[(1)]	**363,231**	-
Capitalised borrowing costs	**(500)**	-
Total current interest bearing loans and borrowings	**362,731**	-

NON-CURRENT

Pact has the following non-current interest bearing loans and borrowings at 31 December:

$'000	Dec 2017	June 2017
Syndicated Facility Agreements[(1)]	**204,629**	688,500
Capitalised borrowing costs	**(1,180)**	(2,290)
Total non-current interest bearing loans and borrowings	**203,449**	686,210

(1) The Group has several revolving debt facilities and a working capital facility with total commitments of $1,045.8 million, of which $456.7 million is undrawn at 31 December 2017. The facilities are spread across multiple maturities, with the working capital facility revolving with an annual review. The debt facilities include a $376.9 million loan facility maturing in July 2018, a $377.6 million loan facility maturing in July 2020, a $150.0 million loan facility maturing in October 2021, and a term loan facility for $120.0 million maturing in November 2024.

The Group uses interest rate swaps to manage interest rate risk.

(a) Fair values

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

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. As the underlying debt has a floating interest rate (excluding the impact of the separate interest rate swaps), the Group's own performance risk at 31 December 2017 was assessed to be insignificant.

The computation of the fair value of borrowings is derived using significant observable inputs (Fair Value Hierarchy Level 2).

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

	31 December 2017 $'000's		30 June 2017 $'000's	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Syndicated Facility Agreements	**567,860**	**567,860**	688,500	688,500
Total borrowings	**567,860**	**567,860**	688,500	688,500

(b) Defaults and breaches

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

(c) Finance costs

Pact has incurred the following finance costs during the period ended 31 December:

$'000	Dec 2017	Dec 2016
Interest expense	**13,188**	13,031
Borrowing costs amortisation	**506**	733
Amortisation of securitisation program	**158**	232
Sundry items	**856**	390
Total finance costs	**14,708**	14,386
Loss on de-recognition of financial assets	**1,760**	1,526
Total finance costs & loss on de-recognition of financial assets	**16,468**	15,912

Finance costs are recognised as an expense when incurred.

4.2 CONTRIBUTED EQUITY

Terms, conditions and movements in contributed equity

Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

	Dec 2017		June 2017	
	Number of shares	$'000's	Number of shares	$'000's
Movements in contributed equity				
Ordinary shares:				
Beginning of the year	**299,234,086**	**1,517,097**	296,760,880	1,502,097
Issued during the period[1]	**33,249,804**	**175,559**	2,473,206	15,000
Transaction costs taken to equity	**-**	**(2,986)**	-	-
Tax benefit on transaction costs	**-**	**806**	-	-
End of the period	**332,483,890**	**1,690,476**	299,234,086	1,517,097

[1] Shares issued during the period include:

- On 27 November 2017 28,642,023 shares were issued for $5.28 as part of an institutional offer. On 11 December 2017 a further 4,607,781 shares were issued for $5.28 as part of a retail offer.
- Details of the movement in shares issued during the comparative period are disclosed in the 30 June 2017 Pact Group Annual Report.

Section 5 – Other Disclosures

5.1 BASIS OF PREPARATION

Basis of preparation and compliance

This Consolidated Half-Year Financial Report:

- Comprises the financial statements of Pact Group Holdings Ltd, being the ultimate parent entity, and its controlled entities.
- Is a general purpose financial report.
- Has been prepared in accordance and complies with the requirements of the *Corporations Act 2001* and Australian Accounting Standard 134: *Interim Financial Reporting*.
- Has revenues, expenses and assets recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case GST is recognised as part of the acquisition of the asset or as part of the expense item to which it relates. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.
- Is presented in Australian dollars with all values rounded to the nearest $1,000, unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016.
- Has the same accounting policies and methods of computation as were applied in the most recent annual financial statements.
- Has all intercompany balances, transactions, income and expenses and profit and losses resulting from intra-group transactions eliminated in full.
- For foreign entities, International Financial Reporting Standards are used in compiling this report.
- The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Directors have assessed that due to the Group's access to undrawn facilities and forecast positive cash flows into the future they will be able to pay their debts as and when they fall due, and therefore it is appropriate the financial statements are prepared on a going concern basis. The Group is well advanced in negotiating a new facility to support future financing requirements.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

New Accounting Standards and Interpretations

There were no standards that were adopted during the period that have had a material impact on the Group. There are a number of Australian Standards and Interpretations that have been issued but are not yet effective and have not been adopted by the Group at 31 December 2017. The following has been identified as those which may impact the Group in the period of initial application:

New Standards, Interpretations or Amendments	Pact financial year that it is effective if not early adopted	Impact on Pact financial results
AASB 9: *Financial Instruments*[(1)]	Commencing 1 July 2018	Management are continuing the analysis and assessment of the impact of AASB 9 on our financial results. Management have identified that accounting differences on the adoption of AASB 9 compared to current accounting policies is primarily timing related. The detailed assessment will be completed in the 2018 financial year.
AASB 15: *Revenue from Contracts with Customers (will replace AASB 118 Revenue and AASB 111 Construction Contracts)*[(1)]	Commencing 1 July 2018	During the year, the Group set up an internal project team supported by external technical specialists to undertake a detailed assessment of the potential impacts that could arise from the adoption of AASB 15. This followed a high-level impact assessment undertaken by the Group in the prior financial year. The project team initially focused on significant revenue streams and has undertaken a range of activities to identify the areas with the highest potential risk, including contract reviews. The Group is now analysing the impact of the new standard by assessing these contracts in light of the requirements of AASB 15, comparing to the Group's current accounting policies and practices, and identifying potential differences. Further contract reviews, as required, will be completed throughout FY18. To date, some of the key areas that the Group have assessed include identification of a contract under the Standard, determining the transaction price, performance obligations, presentation and disclosure. At this stage, the Group has not fully quantified the effect of the new standard on the Group's financial statements. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group is currently determining which transition method will be adopted, and the elected transition method will be disclosed within the 2018 full year financial statements, along with the potential financial impact of the adoption of AASB 15.
AASB 16: *Leases*[(1)]	Commencing 1 July 2019	Management are currently assessing the impact of AASB 16, and will establish a project team and plan in the second half of the 2018 financial year to assess the potential impacts on transition to AASB 16.

[(1)] Including the associated amendments issued by the AASB that would need to be adopted upon adopting this standard.

Comparatives

Comparative figures can be adjusted to conform to changes in presentation for the current financial period where required by accounting standards or as a result of changes in accounting policy.

Where necessary, comparatives have been reclassified and repositioned for consistency with current period disclosure. No material reclassifications have been made to prior period disclosures.

5.2 SHARE BASED PAYMENTS

Long Term Incentive Plan (LTIP)

A LTIP was introduced in 2016 as a component of the CEO's remuneration. The CEO is entitled to performance rights equal to 100% of annual base salary with a vesting period of three years. In the current financial year the LTIP was extended to select senior executives of the Company. Performance rights issued to these executives have performance hurdles and vesting conditions consistent with those of the CEO.

Under the 2018 LTIP scheme 228,705 performance rights were granted to the CEO (approved by resolution at the Annual General Meeting on 15 November 2017), and 276,941 performance rights were granted to senior executives. These rights were independently valued to establish the fair value in accordance with AASB 2: *Share Based Payments*. The fair value of each right at the valuation date of 15 November 2017 is $2.65.

A total share based payment expense for the Company of $446,000 (Dec 2016: $223,000) has been recognised in the current period in relation to the 2016-2018 LTIP schemes.

The key assumptions in the independent valuation in relation to 2018 LTIP were as follows:

Share price at valuation date	**$5.81**
Annualised volatility	**25.0%**
Annual dividend yield	**4.5%**
Risk free rate	**1.9%**
Expected life of performance right	**36 months**
Model used	**Monte Carlo Simulation Model**

Initial Share Grant

At the Annual General Meeting on 16 November 2016, a resolution was approved for a grant of 209,205 performance rights in relation to the initial share grant of $1.0 million in shares to the CEO. The shares are to be issued in equal proportions at the conclusion of each anniversary from 1 December 2015 for the first three years of employment. These shares are subject to escrow until 1 December 2018. Should the CEO cease employment before 1 December 2018 these shares will be forfeited.

The share based payments expense in relation to the initial share grant recognised in the current period was $166,000 (Dec 2016: $166,000).

5.3 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions with related parties for the period ended 31 December 2017:

$'000's		Sales to related parties	Purchases from related parties	Other (income) / expense with related parties	Amounts (owed to) / receivable from related parties
Related parties – director's interests[1]					
	2017	**6,070**	**9,947**	**115**	**527**
	2016	6,026	9,592	263	(505)

[1] Related parties – 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, Albury Property Holdings Pty Ltd, Green's General Foods Pty Ltd and Remedy Kombucha 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.

Pro-Pac Packaging Limited (Pro-Pac)

Pro-Pac, an entity for which Mr Raphael Geminder owns approximately 35.9% (June 2017 49%), is an exclusive supplier of certain raw materials such as flexible film packaging, flexible plastic bags and tapes to Pact. The agreement was extended in early 2017 through to 31 December 2021. Total value under this arrangement is approximately $2.4 million for the six months ended 31 December 2017 (Dec 2016: $2.4 million). The supply arrangement is at arm's length terms.

Terms and conditions of property leases with related parties

The Group leased 13 properties (10 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 period ended 31 December 2017 was $3.0 million (Dec 2016: $3.4 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:

- six of the leases contain early termination rights in favour of the landlord to terminate the lease at the expiry of the 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 9th term. With the exception of the early termination rights, the Centralbridge Leases in New Zealand are on arm's length terms.

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, except as detailed above. 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 period ended 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (Dec 2016: nil).

5.4 SEGMENT ASSETS AND SEGMENT LIABILITIES

Segment Assets

$'000	Dec 2017	June 2017
Pact Australia	**1,167,955**	1,140,472
Pact International	**497,831**	489,918
Total Segment Assets	**1,665,786**	1,630,390

Segment Liabilities

$'000	Dec 2017	June 2017
Pact Australia	**793,793**	926,877
Pact International	**288,032**	298,405
Total Segment Liabilities	**1,081,825**	1,225,282

5.5 CONTINGENCIES

The Group is not party to any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on its business, financial position or operating results.

5.6 SUBSEQUENT EVENTS

On 15 February 2018 the Group completed on the Asia Acquisition, excluding Nepal, for a provisional consideration of $US109 million. The Asia Acquisition is comprised of the Asian packaging operations of Closure Systems International (excluding Japan) and the Guangzhou China facility of Graham Packaging Company.

The Group expects to complete the acquisition of Closure Systems International Nepal for provisional consideration of $US4.8 million by 30 June 2018.

The acquisition aligns with the Group's existing rigid packaging businesses in Asia, Australia and New Zealand, and provides complementary products and technology in addition to low-cost manufacturing capability to support product sales into existing markets.

Provisional goodwill on acquisition will be recognised in the June 2018 financial statements, representing the value attributed to the networks and customer relationships established within the Asia region.

Other than the matter mentioned above, there have been no other material matters or circumstances which have arisen between 31 December 2017 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

Directors' Declaration

In the Directors' opinion:

1. The half-year 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 2017 and of its performance for the half-year ended on that date;

    (b) complying with 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

……………………………......
Malcolm Bundey
Managing Director and Chief Executive Officer

Dated 21 February 2018

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

Independent Auditor's Review Report to the Members of Pact Group Holdings Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Pact Group Holdings Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2017, 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial 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*.

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 2017 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*.

Ernst & Young

Ernst & Young

Glenn Carmody
Partner
Melbourne
21 February 2018

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 2017 (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

Peter Margin

Jonathan Ling

Ray Horsburgh AM

Executive

Malcolm Bundey – Managing Director and Chief Executive Officer

PRINCIPAL ACTIVITIES

Pact is a leading provider of specialty packaging solutions in Australasia, servicing both consumer and industrial sectors. Pact specialises in the manufacture and supply of rigid plastic and metal packaging, materials handling solutions, contract manufacturing services and recycling and sustainability services.

REVIEW OF OPERATIONS & FINANCIAL PERFORMANCE

A review of the operations of the Group during the half-year and the results of those operations is contained in the ASX announcement on 21 February 2018.

DIVIDENDS

The Directors have determined to pay an interim dividend of 11.5 cents per ordinary share partially franked to 65%. This is in line with the interim dividend of 11.5 cents paid for the half-year ended 31 December 2016.

The dividend is payable on 5 April 2018. The record date for entitlement to the dividend is 2 March 2018.

A 2017 final dividend of 11.5 cents per ordinary share franked to 65% per ordinary share was paid by the Company on 5 October 2017.

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 20.

ROUNDING

Is presented in Australian dollars with all values rounded to the nearest $1,000, unless otherwise stated, in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

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

Raphael Geminder
Chairman

Malcolm Bundey
Managing Director and Chief Executive Officer

Dated: 21 February 2018

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 2017, 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

Ernst & Young

Glenn Carmody
Partner
Melbourne
21 February 2018