

22 February 2013

FOR RELEASE TO THE MARKET**TRANSPACIFIC INDUSTRIES GROUP LTD FY13 HALF YEAR RESULTS
PROFIT AFTER TAX INCREASES, DEBT REDUCTION CONTINUES**

Transpacific Industries Group Ltd (ASX:TPI) today announced a statutory profit after tax attributable to ordinary equity holders of \$32.3 million for the six months ended 31 December 2012. This represents an increase of 314% over the previous corresponding period.

Included in these results are certain items which in the Directors' view should be excluded in order to provide a result which is more closely aligned with the ongoing operations. These adjustments have been reviewed by the auditors. Excluding the impact of these items, underlying profit after income tax attributable to ordinary equity holders was \$35.8 million, an increase of 42% over the previous corresponding period.

Highlights of the underlying results compared to the previous corresponding period:

- Group revenue up 3.8% to \$1.16 billion
- Group underlying EBITDA down 3.6% to \$211.0 million; underlying EBIT down 7.7% to \$120.1 million
- Waste Management businesses increased revenue by 0.9%; however EBITDA was down 7.8%
- Commercial Vehicles division increased revenue by 16.6% and EBITDA by 71%
- Net finance costs down \$20.8 million or 25%
- Earnings per share increased 1.6% to 2.3 cents
- Operating cash flow increased 21% to \$120 million

Gross debt has been reduced by \$61 million since 30 June 2012.

The Company has progressed its divestment program having sold two businesses and two surplus properties in the half year for aggregate cash proceeds of \$10 million. Subsequent to 31 December 2012, the Company has exchanged unconditional sales contracts for the sale of the Australian and New Zealand Metals manufacturing businesses and the sale of several surplus properties totalling \$15 million.

Debt repayment and strengthening of the balance sheet remain key priorities of the Company. No interim dividend will be paid.

Sustainable cost reductions

A number of actions, which are targeted at sustainable cost reductions, are being implemented across the Company, including:

- A complete review of the organisational structure has been completed leading to the retrenchment of circa 200 employees, saving \$15 million per annum, with \$3 million of these savings expected to be realised in the second half (before approximately \$7 million in restructuring charges)
- Obtaining improved pricing and trading terms from a number of major suppliers via our new procurement initiatives
- The roll-out of biometric time and attendance and fleet management systems to boost productivity

These actions will result in total cost savings of \$10 million in the second half and \$15 million for the full year.

Divisional overview

Transpacific's Australian Waste Management businesses experienced varied trading conditions during the half year. While demand continued from customers in the resources and oil & gas markets, trading activity from traditional manufacturing and industrial markets were lower.

The results were also adversely affected by the combined impact of the introduction of the carbon tax and further increases in landfill levies. This has been exacerbated by the large landfill levy differential between NSW and Queensland. Australian landfill volumes were down 24% on the previous corresponding period.

In New Zealand, while activity has increased on the rebuild of Christchurch, overall trading conditions have been difficult, particularly in the industrial markets. Weaker commodity prices have also impacted the results.

The Commercial Vehicles division increased both revenue and earnings on increased demand for heavy duty vehicles in Australia and a modest increase in market share.

CEO comments

Kevin Campbell, Chief Executive Officer of Transpacific, said: "The reduction in debt levels, the better than expected interest cost savings and the solid operating cash flows reflect our commitment to further improving the balance sheet of the Company.

"The operational performance of our Waste Management businesses is disappointing and we need to improve our performance markedly. We are taking concrete actions to improve efficiency, lower operating costs, sell or close unprofitable or uneconomic businesses, and generate organic growth. The organisational restructure is just one example of initiatives that will make us more effective and efficient.

"In Australia, where our Cleanaway landfill businesses have been significantly impacted by the variation in landfill levies between New South Wales and Queensland, we continue to make representations to the governments of both states to resolve this untenable situation as soon as possible.

"We expect market conditions in the second half to remain similar to those experienced in the first half.

Mr Campbell concluded by saying: "We remain focused on maintaining our position as the premium waste solutions provider in the region and improving shareholder value."

Investor Briefing

The Company will be holding a teleconference briefing for **shareholders and analysts** on the results at **10.30am Sydney time (AEDST)** today.

Presenters: CEO Mr Kevin Campbell
CFO Mr Stewart Cummins

Teleconference: Australia: 1 800 123 296
International: +61 2 8314 8370

Quote Conference Code: 9716 0783

Investor and media enquiries:
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Appendix 1. Reconciliation from Statutory profit after income tax to underlying profit after income tax

A\$ million	1H13	1H12
Statutory Profit/(Loss) from Continuing Operations after Income Tax (Attributable to Ordinary Equity Holders)	32.3	7.8
Net (gain)/loss from disposal of investments	5.7	-
Total underlying adjustments to EBITDA	5.7	-
Write off of establishment costs associated with former debt facilities	-	15.0
Accelerated amortisation of Convertible Notes, and redemption costs	0.3	10.4
Change in fair value of derivative financial instruments	(4.2)	13.6
Total underlying adjustments to finance costs	(3.9)	39.0
Overprovision of income tax related to prior periods	-	(13.0)
Tax impacts of underlying adjustments to EBITDA and finance costs	1.7	(8.6)
Total underlying adjustments to income tax	1.7	(21.6)
Underlying Profit after Income Tax (Attributable to Ordinary Equity Holders)	35.8	25.2

Note: Refer to pages 3 and 4 of the 31 December 2012 Director's Report for detailed explanations of underlying adjustments and definitions

Appendix 2. Divisional underlying results

A\$ million	Revenue			EBITDA			EBIT		
	1H13	1H12	% change	1H13	1H12	% change	1H13	1H12	% change
Cleanaway Australia	465.0	455.4	2.1%	96.7	102.8	-6.0%	46.1	55.5	-17.0%
Industrials Australia	271.0	273.0	-0.7%	59.2	65.1	-9.0%	42.6	45.5	-6.4%
<i>New Zealand (NZ\$)</i>	<i>215.4</i>	<i>216.8</i>	<i>-0.7%</i>	<i>47.5</i>	<i>53.7</i>	<i>-11.5%</i>	<i>27.3</i>	<i>34.0</i>	<i>-19.7%</i>
New Zealand (A\$)	169.3	169.2	0.0%	37.4	41.8	-10.6%	21.4	26.5	-19.1%
Associates	-	-	-	1.3	1.3	0.8%	1.3	1.3	0.8%
Total Waste Management	905.3	897.6	0.9%	194.6	211.0	-7.8%	111.4	128.8	-13.5%
Commercial Vehicles	228.1	195.6	16.6%	19.8	11.6	71.0%	19.2	10.9	76.4%
Manufacturing	25.9	22.7	14.2%	0.9	(0.1)	>100%	0.9	(0.1)	>100%
Corporate & other	5.1	5.5	-7.8%	(4.3)	(3.6)	-19.6%	(11.4)	(9.5)	-19.9%
Total Group	1,164.4	1,121.4	3.8%	211.0	218.9	-3.6%	120.1	130.1	-7.7%
<i>Constant Currency adjustment</i>	<i>(1.2)</i>			<i>(0.4)</i>			<i>(0.2)</i>		
Total Group	1,163.2	1,121.4	3.7%	210.6	218.9	-3.8%	119.9	130.1	-7.8%