

ATTENTION: Chiefs of Staff, business reporters

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MEDIA RELEASE

Maurice Blackburn investigates potential class action against Transpacific Industries Group Limited

Leading shareholder class action law firm Maurice Blackburn announced today that it had joined with litigation funders, IMF (Australia) Ltd, to pursue a potential class action against waste management company Transpacific Industries Group Limited (TPI), for failing to disclose material information to the market regarding its earnings and forecasts in 2008.

Maurice Blackburn NSW Principal, Ben Slade, said today that there is a good claim for shareholders against TPI for losses suffered by those who bought shares in TPI between 28 February 2008 and 16 February 2009. Mr Slade said that IMF was proposing to fund claims that certain current and former TPI investors have against TPI for damages relating to alleged misleading or deceptive conduct and breaches of the company's continuous disclosure obligations.

Over the period of 2005 - 2008, TPI grew exponentially by its acquisition of (or merger with) a number of Australian and New Zealand waste management businesses. TPI's key message to the market during this period was that the company would deliver sustainable, increased future earnings and profit through organic growth and growth through acquisition.

In February 2008 TPI confirmed previous forecasts that its FY08 Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) for FY08 was \$545m to \$560m and Net Profit after tax (NPAT) was \$175m to \$180m. In August 2008 TPI delivered the FY08 results which largely achieved these forecasts.

In August to November 2008 TPI forecast double digit EBITDA growth for FY09. At the AGM on 6 November 2008, TPI confirmed previous forecasts, stated that the business was "near recession proof" and there was no need to raise capital and stated that impairment of acquired assets would be unlikely.

In stark contrast, three months later on 16 February 2009, TPI announced that:

- (a) its financial performance for FY09 was expected to be adversely affected by weaker commodity prices and foreign exchange rates;
- (b) there would be a \$46m write-down in the value of its investments in listed securities in the first half of 2009; and
- (c) the company's capital structure was being reviewed and the company was in discussions with potential cornerstone investors.

By the close of trade on 16 February 2009, over \$300m had been wiped from the company's value, after a share price fall from \$2.90 to \$1.80. The company then went into a five month trading halt from 17 February 2009 to 20 July 2009.

On 27 February 2009, during the trading halt, TPI released further unwelcome news for investors including:

- (a) a further \$69.3m loss from hedging instruments;
- (b) a net loss for 1H09 of \$52.6m;
- (c) that TPI was in breach of its banking covenants as at 31 December 2008 such that all its debt facilities were current;
- (d) that there was a net current asset deficiency of \$2,057m; and
- (e) that its auditors had qualified its accounts to state that there was material uncertainty as to whether TPI would continue as a going concern.

On 20 July 2009, when trading resumed in TPI's shares, its share price declined by a further 30% from its closing price on 16 February 2009 of \$1.80 to \$1.26.

Mr Slade said:

"It was only in July 2009, through the Ernst & Young due diligence on TPI on behalf of Warburg Pincus, that the market became aware that TPI had included \$48m of irregular items in the FY08 EBITDA, thereby providing a misleading impression of the company's ongoing profitability.

TPI was making robust predictions of growth and profit and claiming that the company was "near recession proof" throughout 2008 in the midst of the global financial crisis. The reality was quite different and this was belatedly disclosed to the market between February 2009 and July 2009, causing substantial losses to shareholders."

"Australian listed companies are required to make timely disclose to the market of information that could materially affect their share price. We believe that TPI has failed in its responsibility to provide this information to the market," said Mr Slade.

Shareholders who purchased TPI shares between 28 February 2008 and 16 February 2009 may wish to contact IMF about joining this action.

For more information or to organise an interview, please contact National Media Adviser Amanda Tattam on 0413 997 467 atattam@mauriceblackburn.com.au.