



ANNOUNCEMENT

TO: Australian Stock Exchange
New Zealand Stock Exchange

FROM: Tag Pacific Limited

DATE: 23 February 2005

PAGES: 17

TAG PACIFIC LIMITED HALF YEARLY REPORT AS AT 31 DECEMBER 2004

TAG REPORTS A MAJOR LIFT IN REVENUE & PROFIT

Tag Pacific Limited (ASX: TAG, NZX: TPC) has reported a major lift in revenue and profit for the half year ended 31 December 2004.

Revenue increased by 28% to A\$31.431m and after tax profit soared from A\$0.2m in 2003 to A\$2.528m in the latest half year period, a more than tenfold increase.

Commenting on the result, Tag Chairman Peter Wise said that numerous factors contributed to the improved result. "We were generally much happier in the last six months than in earlier periods, with improvements recorded in most areas in which we are invested," said Mr Wise.

The single largest factor in the improved result was the increase in value by some A\$2m of Tag's shareholding in IBA Health Limited. As at 31 December 2004, this was carried at a value of 50 cents per share (35 cents per share at 30 June 2004) but it should be noted that the current market price in February 2005 is significantly higher than this figure.

"However, apart from our holding in IBA Health, our investments in both power electronics and commercial interiors fared much better," said Mr Wise.

Tag's investment in M+H Power Systems Limited saw sales lift by over 20% with consequent gains in profitability to a very pleasing level. The improvement traversed most sectors of the M+H business in both Australia and New Zealand, but particularly noticeable were the buoyant activities of the emergency lighting and merchandising divisions, as well as solid gains in the growing renewable energy range of products.

Early 2005 has seen the enhancement of the M+H Power range of products and services through the imminent acquisition of Perth based "GenPower", a relatively small but boutique generator business which M+H Power intends to integrate and expand throughout Australia and New Zealand alongside its renewable energy business. An added benefit of the acquisition will be the expansion of the West Australian branch of M+H Power.

Early 2005 has also seen moves in the commercial interiors sector, with the acquisition by Comprador Pacific Limited of the Charles Tims business, a well respected manufacturer of whiteboards, noticeboards and other allied board products based in Victoria. The rationale for

the acquisition centres on the closure in February of Comprador's poor performing Tecoa manufacturing activities in Brisbane and their integration into the larger and more established operations of Tims.

The move comes at a time when Comprador's performance has recorded modest gains in the distribution of its core steel and mineral fibre ceiling products, a result which has been held back somewhat by Tecoa and the commencement of fledgling new initiatives in aluminium products and gypsum compounds.

Greater harmonisation with Tag's Auckland based subsidiary Potter Interior Systems Limited has been evident in the last few months, with Potters making very solid advances in all spheres of its activities. Sales increased by almost 20% over the previous corresponding period and with a broader range of products and improved performance in its branches, Potters delivered a much healthier result and is well placed to develop further in the period ahead.

The performance of the Unique World Group, in which a 26.8% interest is held, was somewhat mixed with its result having no material affect on the Tag result for the period. However, it is pleasing to see that its activities have matured and new initiatives have taken hold in recent months.

The activity across the Tag Group has seen an increase in total assets in the half year of approximately A\$4.25m to A\$35.983m, with total equity increasing by almost A\$3m to A\$21.823.

"If our holding in IBA Health is factored in at around current market values, the Tag Group's total equity would increase to almost A\$23.5m," said Mr Wise. "In addition, we still retain comfortable cash reserves, in part assisted by the recent Share Top Up Plan."

"At this stage the Directors are comfortable about the prospect of maintaining a dividend at year end, but meanwhile we are continuing to focus on increasing our investment activities," Mr Wise said.

ENDS

For further information please call:
Mr Peter Wise
Chairman
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Rules 4.1, 4.3

Appendix 4D

Half yearly report

Introduced 1/1/2003.

Name of Entity	TAG PACIFIC LIMITED
ACN	009 485 625
Financial Period Ended	31 DECEMBER 2004
Previous Corresponding Reporting Period	31 DECEMBER 2003

Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	31,431	28%
Profit / (loss) from ordinary activities after tax attributable to members	2,528	1,151%
Net profit / (loss) for the period attributable to members	2,528	1,151%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer Attachment 1.		

The half-yearly report is to be read in conjunction with the most recent annual financial report.

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	Nil
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	26.7¢	19.0¢

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of Control Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	

Details of Associates and Joint Venture Entities


Name of Entity	Percentage Held (%)		Share of Net Profit (\$000)	
	Current Period	Previous Period	Current Period	Previous Period
Unique World Group Pty Ltd	26.8	9.8	-	-
Aggregate Share of Net Profits			-	-

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
N/A			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
N/A			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	ASX Announcement
2	Interim Financial Report

Signed By the Chairman	
Print Name	Peter Wise
Date	23 February 2005

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2004.

Directors

The names of directors who held office during or since the end of the half-year are:

Messrs PH Wise, GM Cohen, RT Constable, RB Moran, RD Peterson and Dr GH Weiss

Review of Operations

Refer attached commentary.

Rounding of Amounts

The economic entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded to the nearest \$1,000.

Auditors

We have received a declaration from the auditors, PKF, of their independence, which is attached as the second page of this Directors' report.

The report is signed in accordance with a resolution of the Board of Directors.



.....

**Peter Wise
Chairman**

Dated: 23 February 2005



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Liability is limited by the Accountants
Scheme, approved under the
Professional Standards Act 1994 (NSW)

**Lead auditor's independence declaration
Under section 307C of the Corporations Act 2001**

To the Directors of Tag Pacific Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2004, there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

PKF
Chartered Accountants & Business Advisers

A handwritten signature in black ink, appearing to read 'John Bresolin'.

John Bresolin
Partner

Sydney
23 February 2005

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Statement of Financial Performance
For the half year ended 31 December 2004

	Note	Consolidated	
		31 Dec 2004 \$'000	31 Dec 2003 \$'000
Revenue from ordinary activities	2	31,431	24,609
Expenses from ordinary activities, excluding borrowing cost expenses	3	(27,991)	(23,837)
Borrowing cost expenses		(136)	(139)
Profit from ordinary activities before income tax expense		3,304	633
Income tax expense relating to ordinary activities		(366)	(217)
Profit from ordinary activities after income tax expense		2,938	416
Net (profit) attributable to outside equity interests		(410)	(214)
Net profit for the period attributable to members		2,528	202
Net exchange difference on translation of financial reports of self-sustaining foreign operations		44	(12)
Total changes in equity other than those resulting from transactions with owners as owners		2,572	190
Basic earnings per share (cents per share)		3.8c	0.31c
Diluted earnings per share (cents per share)		3.8c	0.31c

The Statement of Financial Performance is to be read in conjunction with the attached notes.

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Statement of Financial Position
As at 31 December 2004

	Consolidated	
	31 Dec 2004	30 June 2004
	\$'000	\$'000
CURRENT ASSETS		
Cash	4,967	5,419
Receivables	9,460	8,726
Inventories	10,727	8,981
Tax assets	771	741
TOTAL CURRENT ASSETS	25,925	23,867
NON-CURRENT ASSETS		
Other financial assets	7,451	5,324
Investments (equity accounted)	1,118	1,118
Property, plant and equipment	1,360	1,287
Intangible assets	129	136
TOTAL NON-CURRENT ASSETS	10,058	7,865
TOTAL ASSETS	35,983	31,732
CURRENT LIABILITIES		
Payables	9,193	8,654
Interest bearing liabilities	3,248	2,158
Tax liabilities	136	388
Provisions	800	745
TOTAL CURRENT LIABILITIES	13,377	11,945
NON-CURRENT LIABILITIES		
Interest bearing liabilities	770	922
Provisions	13	12
TOTAL NON-CURRENT LIABILITIES	783	934
TOTAL LIABILITIES	14,160	12,879
NET ASSETS	21,823	18,853
EQUITY		
Contributed equity	15,742	15,404
Reserves	834	790
Retained profits/(accumulated losses)	1,367	(789)
EQUITY ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	17,943	15,405
Outside equity interests in controlled entities	3,880	3,448
TOTAL EQUITY	21,823	18,853

The Statement of Financial Position is to be read in conjunction with the attached notes.

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Statement of Cash Flows
For the half year ended 31 December 2004

	Consolidated	
	31 Dec 2004 \$'000	31 Dec 2003 \$'000
Cash flows from operating activities		
Receipts from customers	33,961	26,667
Payments to suppliers and employees	(34,302)	(27,011)
Interest received	117	138
Interest and other costs of finance paid	(136)	(138)
Income taxes paid	(648)	(172)
Net operating cash flows	(1,008)	(516)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(223)	(337)
Payments for investments	(95)	(58)
Cash acquired through gaining control of a subsidiary	-	1,013
Net investing cash flows	(318)	618
Cash flows from financing activities		
Proceeds from issue of shares	355	-
Proceeds from loans from other entities	641	223
Dividends paid to members of parent entity	(327)	-
Payments to outside equity holders	(78)	-
Repayment of interest bearing liabilities	-	(140)
Net financing cash flows	591	83
Net (decrease) / increase in cash	(735)	185
Cash at beginning of period	5,419	5,112
Exchange rate adjustments	1	(2)
Cash at end of period	4,685	5,295

The Statement of Cash Flows is to be read in conjunction with the attached notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1. Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by Tag Pacific Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

	Consolidated	
	31 Dec 2004	31 Dec 2003
	\$'000	\$'000

NOTE 2: REVENUES FROM ORDINARY ACTIVITIES

Revenues from ordinary activities is comprised as follow:

Operating Activities		
Revenue from sales	29,219	24,393
Interest revenue	118	138
Other relevant revenue	70	78
Non operating activities		
Movement in provision for diminution in carrying value of investments in:		
- IBA Health Limited	2,024	-
Total revenues from ordinary activities	31,431	24,609

NOTE 3: EXPENSES FROM ORDINARY ACTIVITIES

Expenses from ordinary activities excluding borrowing costs is comprised as follows:

Cost of goods sold	20,187	16,666
Employee benefits expenses	4,520	4,031
Depreciation and amortisation excluding amortisation of intangibles	163	153
Rental expenses	647	619
Other expenses from ordinary activities	2,474	2,368
Total expenses from ordinary activities excluding borrowing cost expense	27,991	23,837

NOTE 4: DIVIDENDS

Ordinary dividend franked to 60% at the tax rate of 30% paid on 11 November 2004	327	-
Balance of franking account at 31 December	-	-

NOTE 5: SEGMENTAL INFORMATION

	REVENUE		RESULT	
	Current Half Year	Previous Corresponding Half Year	Current Half Year	Previous Corresponding Half Year
	A\$'000	A\$'000	A\$'000	A\$'000
(a) Industrial Segment				
Investment	2,150	150	2,150	150
Merchandising *	29,281	24,459	1,752	967
Unallocated expenses	-	-	(598)	(484)
Total	31,431	24,609	3,304	633
(b) Geographic Segment				
Australia	19,562	15,049	3,118	725
New Zealand	11,869	9,560	784	392
Unallocated expenses	-	-	(598)	(484)
Total	31,431	24,609	3,304	633

* Marketing and distribution of componentry for commercial interiors and power electronics and battery products.

NOTE 6: CONTINGENT LIABILITIES

There are no material changes from the contingent liabilities reported in the 2004 annual report.

NOTE 7: SUBSEQUENT EVENTS

On 19 January 2005 Tag Pacific Limited subsidiary Comprador Pacific Pty Limited acquired the business of Charles Tims Pty Limited. This acquisition is expected to increase Tag Pacific Limited consolidated group sales by some 7% and be earnings positive in the first full year of operation.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operation of the economic entity, the results of its operation, or the state of affairs of the economic entity in future financial periods.

NOTE 8: ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

- Internally Generated Brands
Under the pending AASB 138: Intangible Assets, internally generated brands may not be capitalised to the statement of financial position, but should be expensed in the period in which they are incurred. Current accounting policy is to capitalise these costs and amortise them over the period in which their benefit is expected to be realised. The result of this change will be to derecognise the trademarks that currently are recorded as intangible assets, with an adjustment being made to opening retained earnings.

**NOTE 8: ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)**

- Impairment of Assets
The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.
- Goodwill on Consolidation
Under the pending Australian standard AASB 3 Business Combinations, goodwill is to be capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is to be prohibited. Current accounting policy of the entity is to amortise goodwill on a straight line basis over the period of 20 years.
- Non-current Investments
Under the pending AASB 139: Financial Instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.
- Income Tax
Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the pending Australian standard AASB 112, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.
- Derivative Financial Instruments
The economic entity does not currently recognise derivative financial instruments in the financial statements. Pending AASB 139: Financial Instruments: Recognition and Measurement will require a change to the method of accounting for hedging activities so that they are recorded in the financial statements.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The accompanying interim financial statements and notes, as set out on pages 5 to 12:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company 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 Board of Directors.



.....
Peter Wise
Chairman

Date: 23 February 2005

Independent review report to the members of Tag Pacific Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statements of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Tag Pacific Limited and its controlled entities ("the Consolidated Entity"), for the half-year ended 31 December 2004. The Consolidated Entity comprises both the Company and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statements on the basis of the review procedures performed, which were limited primarily to enquiries of company personnel and analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



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Independent review report to the members of Tag Pacific Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Tag Pacific Limited is not in accordance with:

- a) The Corporations Act 2001, including:
 - (i) giving a true and fair view of Consolidated Entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

PKF
Chartered Accountants & Business Advisers

John Bresolin
Partner

Sydney
23 February 2005