



ASX ANNOUNCEMENT

ANNUAL GENERAL MEETING 2006 CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Tag Pacific Limited (ASX: TAG, NZX: TPC) – 10 November 2006

I would like to begin by saying that the result for the June 2006 year was a very pleasing one; not only because of the financial outcome and the 50% increase in dividend, but also because we started to see the benefits of a more focussed investment strategy.

In essence, the increased scope and scale of our investments is bearing fruit. One can witness that by looking at the five year historical growth charts that are contained within the Chairman's Report. They show a consistent growth in revenue; growth in the assets employed; growth in the group pre-tax profit; and growth in the total group equity.

A review of the annual report highlights the underlying strength of the Tag Group; our ratios are strong; our debt is low; and our operating cash flow is positive.

But having said that, I hasten to add that there are other measures which are less evident, but which are nevertheless just as meaningful. They centre on the strategies that are evolving for each of our investments and the steady progress that is being made.

In the first few months of this financial year we have seen further growth in most of our investments. For example, the market value of our investment in listed companies, primarily IBA Health, has increased by over A\$4 million as of yesterday; and we have seen increased sales in the Power Group and its pipeline is looking very promising. In the Building Group, we have seen a recovery of some lost ground in Australia, but at the same time New Zealand has slipped back a little. Our investment in ShareCover is unfortunately still in holding mode as we resist the temptation to promote it directly in favour of alliances with strategic partners; and Unique World continues to make very good progress. Our Unique World shareholding has recently increased to 31%.

At the present time our investments can be categorised as listed equity investments; industrial investments; and venture investments. By viewing them in this way, there is a



recognition that each of these groups and the assets within them have different characteristics, operations and strategies.

It is also fair to say that because of the way that this has evolved, it is sometimes difficult for an observer to appreciate the true value of some of our less visible activities, or to perceive in any measurable way the progress that has been made towards meeting our desired outcomes.

Whilst there has always been and always will be a need to ensure that the operational aspects of our investments are managed correctly, the Tag head office itself is now focussing more on managing the investment, rather than managing the operations within the investment.

This shift in attitude is occurring gradually; and whilst we haven't yet reached the desired point, we have at least recognised that viewing our investments in this way enables each investment to focus on its own unique strategy for growth, leading ultimately to greater long term value. As part of this refocussing, future investments may well take the form of co-ventures with other parties; or alternatively, they may require direct access to capital markets for their individual funding requirements.

Behind this thinking is Tag's desire to reposition itself over time. Although our plans are still a work in progress, we would like to move away from being seen as a diversified industrial holding company. Under our current status, the market seems to want to value Tag at a discount to net assets.

We would prefer Tag to be recognised as the innovating party behind selected investments or activities in a limited number of distinct and clearly defined sectors. The underlying value must be easily identifiable and capable of being properly measured.

In moving towards this position, we are recognising that we will need to provide more visibility on some of our investments; and that our new activities will need to be larger and targeted at specific sectors. Achieving this may require us to structure our activities in a way where our future income and fortunes are not just limited to our own balance sheet, as they are at the moment.

We have also recognised the need to infuse both new blood and new levels of skill into the organisation; and to broaden our investment horizons.

All in all the outlook is very positive. Whilst we are concentrating on growing the assets invested and growing the assets under the Tag Group's control, we are also aware that as we move forward there are likely to be some twists and turns along the road. We are



confident that we are heading on the right track; and I can also say that our directors and our executive team have both the will and the determination to continue to build on an already solid base. This is fundamental to our success and I would like to thank all those who are working with us so productively and in so many ways.

At this point I should note that I have not specifically touched on any of the details contained in the Annual Report, because they are now somewhat historical, but I'm happy to open the meeting up for discussion and to take any questions.

ENDS

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