



ASX ANNOUNCEMENT

TAG RECORDS FIRST HALF GROWTH

Sydney – 6 March 2006 – Tag Pacific Limited (ASX: TAG) (NZX: TPC)

- The Tag Group has performed well in the first half of the 2005-2006 financial year recording an interim net profit after tax and minority interests of A\$3.429 million. This is a very pleasing result, particularly when viewed in light of the equity attributable to Tag shareholders standing at a modest A\$17.209 million at 30 June 2005.
- A number of factors contributed to the solid result, including a sharp increase in group revenue, which rose 46% from A\$31.431 million to A\$45.737 million.
- The table below summarises the performance for the first half:

A\$'000	6 months to 31 Dec 2005 (AIFRS)	6 months to 31 Dec 2004 (AIFRS)	6 months to 31 Dec 2004 (AGAAP)
Revenue from ordinary activities	45,737	31,431	31,431
Profit before tax	4,391	3,310	3,304
Profit after tax before minority interests	3,931	2,944	2,938
Profit after tax and minority interests	3,429	2,548	2,528
Equity attributable to Tag shareholders	20,169	18,007	17,943
Total equity	24,484	21,828	21,822
Earnings per share (cents)	5.1	3.9	3.9
Net tangible assets per share (cents)	28.6	26.7	26.7

- Certain transitional exemptions concerning the restatement of comparative information have been adopted. Had these exemptions not been adopted, the profit after tax and minorities for the comparative period would have increased by A\$1.139 million.



IBA Health

- The major contributor to the Group's result was its investment in IBA Health which increased in value by approximately A\$2.6 million in the 6 month period. Tag's holding in IBA Health had a value of approximately A\$8 million at 31 December 2005, representing around 40% of the equity attributable to Tag shareholders.
- Under AIFRS, all movements in the IBA share price (both positive and negative) are now taken through the profit and loss account.
- The increase in value of Tag's interest in IBA Health validates Tag's strategy in recent years of retaining this investment. The IBA Health share price has continued to strengthen since the end of the half year and would result in further gains in the order of A\$1.5 million if current prices were to be maintained through to year end.

The balance of the Group's assets comprise our three industrial investments and two venture investments.

Industrial Investments

- The overall performance of the Group's industrial investments has improved in the first half, contributing A\$2.187 million in EBIT before minority interests and head office costs, a 15% increase on the previous comparative period
- The strong performance of M+H Power Systems (55% owned) contributed significantly to Tag's earnings in the half year. Integration of the Advanced Power business acquired during 2005 continues and the early signs indicate that M+H Power Systems should receive a healthy return on that investment in the current financial year. Tag is currently reviewing a number of further potential acquisitions for M+H Power Systems with the view of boosting the scope and scale of its investment in that sector in the short to medium term.
- Potter Interior Systems (wholly owned) and Comprador Pacific (51% owned) also contributed to Tag's result in the half year, although the contribution was lower than expected. Our investments in this sector have struggled with tight margins and are looking at ways to increase profitability and market share.



Venture Investments

- ShareCover (wholly owned) was launched in late 2005 and is the first of what are intended to be a number of initiatives in the financial services sector. To be successful, the ShareCover model requires a number of strategic alliances to be formed and discussions are advancing satisfactorily with a number of parties.
- The fortunes of Unique World (27% owned) have improved markedly in the first half and its equity accounted contribution to the Tag result is expected to continue in the second half of the year.

Outlook

- The Group continues to evaluate each of its investments and is actively pursuing a number of paths with the aim of extracting increasing value for shareholders in the near term.
- The Group expects to be able to maintain its current dividend policy.

ENDS

For further information please contact:

Mr Peter Wise, Chairman, Tag Pacific Limited

Tel: +61 2 9283 9377

Please visit:

www.tagpac.com

www.sharecover.com.au

www.mhpower.com.au

www.apower.com.au

www.genpowergroup.com.au

www.comprador.com.au

www.potters.co.nz

www.ctims.com.au

www.uniqueworld.net

www.uniqueworldsoftware.com

www.iba.com.au

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 2005
Previous Corresponding Reporting Period	31 DECEMBER 2004

Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	45,737	46%
Profit from ordinary activities after tax attributable to members	3,429	35%
Net profit for the period attributable to members	3,429	35%
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	
The prior corresponding period figures have been restated to account for the adoption of AIFRS except for certain transitional exemptions.		

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	N/A
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	28.6¢	26.7¢

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Advanced Power Pty Limited
Date control gained	1 July 2005
Consolidated profit from ordinary activities after tax and minority interests since the date in the current period on which control was acquired	\$266,000
Profit / (loss) from ordinary activities after tax and minority interests of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

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	26.8	166	-
Aggregate Share of Net Profits			166	-

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	6 March 2006

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2005.

Directors

The names of directors who held office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

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

Review of Operations

The interim results for the Tag Group show a net profit after tax and minority interests for the 6 months of A\$3.429 million. This is a pleasing result, particularly when viewed in light of the equity attributable to Tag shareholders standing at a modest A\$17.209 million at 30 June 2005.

The major contributor to the Group's result was its investment in IBA Health which increased in value by approximately A\$2.6 million in the 6 month period. Tag's holding in IBA Health had a value of approximately A\$8 million at 31 December 2005, representing around 40% of the equity attributable to Tag shareholders.

The overall performance of the Group's industrial investments has improved in the first half, contributing A\$2.187 million in EBIT before minority interests and head office costs.

The Group continues to evaluate each of its investments and is actively pursuing a number of paths with the aim of extracting increasing value for shareholders in the near term.

The Group expects to be able to maintain its current dividend policy.

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 an independence declaration from our auditors, PKF, which is attached on page 6 of this report.

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



.....
**Peter Wise
Chairman**

Dated: 6 March 2006

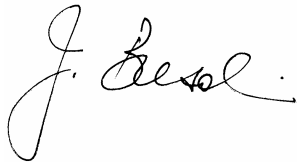
New South Wales Partnership
ABN 83 236 985 726
Liability limited by a scheme approved under Professional Standards Legislation



Auditor's Independence Declaration
To: The Directors
Tag Pacific Limited

As lead engagement partner for the review of Tag Pacific Limited for the half-year ended 31 December 2005, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



John Bresolin
Partner
PKF Chartered Accountants
Sydney, 6 March 2006

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Income Statement
For the half year ended 31 December 2005

	Note	Consolidated	
		2005 \$'000	2004 \$'000
Revenue from ordinary activities	2	45,737	31,431
Expenses from ordinary activities, excluding finance costs	3	(41,133)	(27,985)
Finance costs		(213)	(136)
Profit from ordinary activities before income tax expense		4,391	3,310
Income tax expense		(460)	(366)
Profit from ordinary activities after income tax expense		3,931	2,944
Net (profit) attributable to outside equity interests		(502)	(396)
Net profit for the period attributable to members of parent		3,429	2,548
Basic earnings per share (cents per share)		5.1	3.9
Diluted earnings per share (cents per share)		5.1	3.9

The income statement should be read in conjunction with the attached notes.

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Balance Sheet
As at 31 December 2005

	Note	Consolidated	
		As at 31 Dec 2005 \$'000	As at 30 June 2005 \$'000
CURRENT ASSETS			
Cash and cash equivalents		3,943	4,757
Trade and other receivables		13,890	11,372
Inventories		14,230	10,542
Deferred tax assets		1,305	1,087
TOTAL CURRENT ASSETS		33,368	27,758
NON-CURRENT ASSETS			
Other financial assets		8,331	5,839
Equity accounted investments		1,356	1,190
Property, plant and equipment		2,297	1,689
Intangible assets		1,927	426
TOTAL NON-CURRENT ASSETS		13,911	9,144
TOTAL ASSETS		47,279	36,902
CURRENT LIABILITIES			
Trade and other payables		14,857	9,453
Financial liabilities		4,193	4,056
Income tax		374	364
Provisions		1,279	935
TOTAL CURRENT LIABILITIES		20,703	14,808
NON-CURRENT LIABILITIES			
Other payables		1,000	-
Financial liabilities		925	770
Provisions		167	171
TOTAL NON-CURRENT LIABILITIES		2,092	941
TOTAL LIABILITIES		22,795	15,749
NET ASSETS		24,484	21,153
EQUITY			
Share capital	5	15,741	15,741
Reserves		842	802
Retained profits		3,586	666
EQUITY ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		20,169	17,209
Minority interests		4,315	3,944
TOTAL EQUITY		24,484	21,153

The balance sheet should 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 2005

	Note	Consolidated	
		2005 \$'000	2004 \$'000
Cash flows from operating activities			
Receipts from customers		49,012	33,961
Payments to suppliers and employees		(47,083)	(34,302)
Dividend received		67	-
Interest received		85	117
Interest and other costs of finance paid		(213)	(136)
Income taxes paid		(674)	(648)
Net operating cash flows		1,194	(1,008)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(364)	(223)
Payments for other financial assets		(139)	(95)
Acquisition of subsidiary	10	(1,114)	-
Net investing cash flows		(1,617)	(318)
Cash flows from financing activities			
Proceeds from issue of shares		-	355
Proceeds from loans from other entities		233	641
Proceeds from loans from associated companies		18	-
Dividends paid to members of parent entity		(334)	(327)
Payments to outside equity holders		(105)	(78)
Repayment of financial liabilities		(216)	-
Net financing cash flows		(404)	591
Net (decrease) in cash		(827)	(735)
Cash at beginning of period		4,757	5,419
Exchange rate adjustments		13	1
Cash at end of period	9	3,943	4,685

The statement of cash flows should be read in conjunction with the attached notes.

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Condensed Statement of Changes in Equity
For the half year ended 31 December 2005

	Consolidated				Minority interests	Total
	Attributable to equity holders of the parent					
	Issued Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total \$'000	\$'000	\$'000
At 1 July 2005	15,741	666	802	17,209	3,944	21,153
Adjustment on adoption of AASB 132 and AASB 139	0	(175)	0	(175)	0	(175)
Currency translation differences	0	0	40	40	5	45
Profit for period	0	3,429	0	3,429	502	3,931
Equity distributions	0	(334)	0	(334)	(105)	(439)
Allocation of deferred tax benefit	0	0	0	0	(31)	(31)
At 31 December 2005	15,741	3,586	842	20,169	4,315	24,484
At 1 July 2004	15,404	(789)	790	15,405	3,448	18,853
Currency translation differences	0	0	44	44	28	72
Issue of shares	337	0	0	337	0	337
Profit for period	0	2,548	0	2,548	396	2,944
Equity distributions	0	(327)	0	(327)	(45)	(372)
Allocation of deferred tax benefit	0	0	0	0	(6)	(6)
At 31 December 2004	15,741	1,432	834	18,007	3,821	21,828

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

NOTE 1. BASIS OF PREPARATION

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Tag Pacific Limited as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Tag Pacific Limited and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments, financial assets at fair value through profit and loss, and available-for-sale financial assets that have been measured at fair value.

Unless otherwise detailed in this note accounting policies have been consistently applied by the entities in the Group and are consistent with those applied in the 30 June 2005 annual report.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards, ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c) below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and
- AIFRS profit for the half-year 31 December 2004 and full year 30 June 2005, to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 1 (e) below.

(c) Summary of revised significant accounting policies

(i) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

(i) Goodwill (continued)

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

(ii) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'other expenses' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(iii) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date, but adjusted if subsequent events have, in the opinion of the directors, reduced the fair value.

For investments where there is not quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net assets base of the investment.

(iv) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity-settled transactions').

There is currently one plan in place to provide these benefits being the Executive Share Option Plan (ESOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measure by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Tag Pacific Limited ('market conditions').

The cost of equity-settled transactions is recognised, on the date on which the relevant employees become fully entitled to the award ('vesting date').

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(v) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(d) AASB 1 Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS).

Designation of previously recognised financial instruments

Financial instruments were designated as financial assets or liabilities at fair value through profit or loss or as available-for-sale at the date of transition to AIFRS.

Share-based payment transactions

AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has elected to adopt this exemption and has therefore not applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information. Had this exemption not been elected the profit after tax and minority interests for the comparative period would have increased by A\$1,139,000. The difference in equity at 30 June 2005 would have reduced by A\$175,000.

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

		Consolidated		
		30 June 2005 \$'000	31 Dec 2004 \$'000	01 July 2004 \$'000
Total equity under AGAAP		21,142	21,822	18,853
Write back of goodwill amortisation	(a)	11	6	-
Total equity under AIFRS		21,153	21,828	18,853

The tax effect of the adjustments above, have not led to an increase in deferred tax liability due to the availability of capital losses that have not been capitalised in the accounts.

- (a) Goodwill is not amortised under AASB 3 "Business Combinations", but was amortised under AGAAP.

(ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

		Consolidated	
		Year ended 30 June 2005 \$'000	Half-year ended 31 Dec 2004 \$'000
Profit after tax as previously reported		2,367	2,938
Share based payment expense	(a)	(72)	-
Write back of goodwill amortisation	(b)	11	6
Profit after tax under AIFRS		2,306	2,944

- (a) Share-based payment costs are charged to the income statement under AASB 2 "Share-based Payment", but not under AGAAP.
- (b) Goodwill is not amortised under AASB 3 "Business Combinations", but was amortised under AGAAP.

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

	Consolidated	
	2005 \$'000	2004 \$'000

NOTE 2: REVENUES FROM ORDINARY ACTIVITIES

Revenues from ordinary activities is comprised as follows:

Operating Activities		
Revenue from sale of goods	42,682	29,219
Interest revenue	85	118
Dividends received	67	-
Share of profit of associate	166	-
Other income	59	70
Non operating activities		
Movement in carrying value of financial assets at fair value	2,678	-
Movement in provision for diminution in carrying value of investments	-	2,024
Total revenues from ordinary activities	45,737	31,431

NOTE 3: EXPENSES FROM ORDINARY ACTIVITIES

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

Cost of goods sold	29,804	20,187
Employee benefits expenses	6,985	4,520
Depreciation and amortisation excluding amortisation of intangibles	226	163
Rental expenses	840	647
Other expenses from ordinary activities	3,278	2,468
Total expenses from ordinary activities excluding borrowing cost expense	41,133	27,985

NOTE 4: DIVIDENDS

Ordinary dividend franked to 40% (2004: 60%) at the tax rate of 30% paid on 30 September 2005 (2004: 11 November 2004)

	334	327
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NOTE 5: ISSUED CAPITAL

Issued and fully paid	15,741	15,741
Movements in ordinary shares on issue		
At 1 July 2005		
66,804,745 (2004: 65,452,969) fully paid ordinary shares	15,741	15,404
Issued on 15 November 2004 for cash – 1,351,776	-	337
	15,741	15,741

NOTE 6: 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				
Building products	23,654	18,017	231	511
Power Products	19,079	11,264	1,746	1,241
Investment	3,004	2,150	3,004	2,156
Unallocated Expenses	-	-	(590)	(598)
Total	45,737	31,431	4,391	3,310
(b) Geographic Segment				
Australia	32,033	19,562	4,243	3,124
New Zealand	13,704	11,869	738	784
Unallocated expenses	-	-	(590)	(598)
Total	45,737	31,431	4,391	3,310

NOTE 7: CONTINGENT LIABILITIES

There are no material changes from the contingent liabilities reported in the 2005 annual report.

NOTE 8: SUBSEQUENT EVENTS

No 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 9: CASH

Reconciliation of cash.

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:

	2005 \$'000	2004 \$'000
Cash at bank and in hand	2,659	2,380
Short-term deposits	1,284	2,587
Bank overdraft	-	(282)
	<u>3,943</u>	<u>4,685</u>

NOTE 10: CHANGE IN COMPOSITION OF ENTITY

Acquisition of Advanced Power Pty Limited

With effect from 1 July 2005 Tag Pacific Limited's 55% owned subsidiary, M+H Power Systems Pty Limited, acquired 100% of Advanced Power Pty Limited, a private company based in Australia specialising in electrical power generation products.

From the date of acquisition, Advanced Power Pty Limited has contributed \$266,000 to the net profit after tax and minority interests of the Tag Group.

The fair value of the identifiable assets and liabilities of Advanced Power Pty Limited as at the date effective control was gained are:

	Fair value recognised on acquisition \$'000
Property, plant & equipment	461
Cash and cash equivalents	128
Trade and other receivables	2,444
Inventories	2,854
Brand names	858
	<u>6,745</u>
Trade and other payables	(2,682)
Financial liabilities	(252)
Provisions	(261)
Contract deposits	(550)
	<u>3,745</u>
Fair value of net assets	3,000
Goodwill arising on acquisition	642
	<u>3,642</u>
Consideration:	
Cash on settlement	1,100
Deferred payment	2,400
Acquisition costs	142
Total consideration	<u>3,642</u>
The cash outflow on acquisition is as follows:	
Net cash acquired with subsidiary	128
Cash paid	(1,242)
	<u>(1,114)</u>
Net cash outflow	<u>(1,114)</u>

Included in the \$642,000 of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured by the acquiree due to their nature. Assets in this balance include customer loyalty and research activities.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Tag Pacific Limited, I state that:

In the opinion of the directors:

1. the accompanying interim financial statements and notes, as set out on pages 7 to 17:
 - (a) comply with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the consolidated entity.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



.....
Peter Wise
Chairman

Date: 6 March 2006

**INDEPENDENT REVIEW REPORT
To the Members of Tag Pacific Limited**

Scope

We have reviewed the financial report of Tag Pacific Limited for the half-year ended 31 December 2005 as set out on pages 7 to 18. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The directors of Tag Pacific Limited are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.


Independence

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that 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 the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



**PKF
Chartered Accountants**

**John Bresolin
Partner**

Sydney, 6 March 2006