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ASX ANNOUNCEMENT

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**UPDATE ON INVESTMENT IN IBA HEALTH**

**Sydney – 1 May 2006 – Tag Pacific Limited** (ASX: TAG, NZX: TPC) provides the following update in relation to its investment in IBA Health Limited (ASX: IBA).

The increase in value of shares in IBA Health in the first half of the current financial year contributed approximately A\$2.6m to Tag's half year earnings.

The market price of shares in IBA Health has continued to increase since 31 December 2005. The closing price of IBA Health shares at the end of April 2006 was A\$1.035, taking the value of Tag's investment in IBA Health to A\$13.8m, which equates to over 20.5 cents per Tag share.

If shares in IBA Health continue to trade at current levels, the investment would contribute approximately A\$8.4m to Tag's full year earnings, being 12.5 cents per Tag share.

Each 5 cent movement in the IBA share price has an approximate 1 cent impact on earnings per Tag share, based on the current holding in IBA Health and the number of Tag shares on issue.

**ENDS**

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