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## ASX ANNOUNCEMENT

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### TAG WELL POSITIONED FOR FURTHER GROWTH

Sydney – 28 February 2008 – Tag Pacific Limited (ASX: TAG) (NZX: TPC)

The Tag Pacific Group recorded an interim net loss after tax and minority interests of A\$1.63 million for the 6 months to 31 December 2007 on revenues of A\$43 million.

EBITDA from operating subsidiaries (before minority interests) was A\$3.0 million, up from A\$2.1 million in the prior corresponding period. Operating cash flow was strong at A\$1.9 million for the six months. The positive gains made by operating subsidiaries and associates during the period were offset by movements in the IBA Health Group share price which negatively impacted the result by A\$2.5 million compared to a contribution of A\$6.6 million in the prior corresponding period.

The table below compares the result to the prior period:

	<b>EBITDA Six months to 31 Dec 2007</b>	<b>EBITDA Six months to 31 Dec 2006</b>	
Power Products & Renewable Energy Sector	A\$1.93 million	A\$1.21 million	Up
Interior Building Products Sector	A\$1.06 million	A\$0.91 million	Up
Technology Sector	(A\$2.26 million)	A\$6.81 million	Down
<b>Group EBITDA (before minority interests and head office costs)</b>	<b>A\$0.73 million</b>	<b>A\$8.93 million</b>	<b>Down</b>

An overview of the performance of Tag's investment portfolio for the six months is set out below.

#### **Power Products & Renewable Energy Sector**

Tag's 57.7% controlling interest in **M+H Power Systems** contributed EBITDA of A\$1.93 million to the Group for the six months to 31 December 2007. M+H Power Systems experienced growth across all divisions leading to a 60% improvement in EBITDA above the prior corresponding period.



M+H Power Systems is expecting a strong second half. The Products Division is experiencing continued growth, including increased sales in its renewable energy product range. The Solutions Division had a strong project order book at balance date and is well positioned for further contract wins.

Tag has a desire to expand its interests in this sector and is actively involved in identifying opportunities in conjunction with M+H Power management.

The recorded value of Tag's investment in this sector at 31 December 2007 was A\$6.8 million. Tag's after tax return on the recorded value of its investment in the power products and renewable energy sector for the six month period was 13%.

### **Technology Sector**

In the six months to 31 December 2007, **IBA Health Group** (ASX: IBA) completed the acquisition of iSoft Group plc, creating one of the world's largest providers of healthcare IT solutions. IBA Health has announced that it is well advanced in its plans to integrate the two businesses and create operational synergies.

In common with many other companies, the volatility in global sharemarkets has had an impact on the IBA Health Group share price which fell from A\$1.11 at 30 June 2007 to A\$0.91 at 31 December 2007. The volatility and trend has continued since balance date and if there is no respite then this will impact on Tag's full year result. The reason for this is because Tag's accounting policy is to account for all movements in listed investments (both positive and negative) through the profit and loss account.

Tag's investment in **Unique World** (38% owned) delivered an increased equity accounted contribution (after tax) of approximately A\$200k.

Unique World experienced a solid first half to the year with a 24% increase in revenues and an underlying 28% increase in net profit for the half year relative to the corresponding period.

Unique World has grown considerably in recent years from its base as a fledgling start-up and has developed solid relationships with key clients and suppliers across its branches in Sydney, Melbourne and Canberra. Unique World paid a maiden dividend to shareholders during the half year and continuing dividends are expected from this investment into the foreseeable future.

The recorded value of Tag's investment in Unique World at 31 December 2007 was A\$1.8 million.

Overall, Tag recorded a negative after tax return on the recorded value of its investments in the technology sector for the six month period.

### **Interior Building Products Sector**

Tag's investments in this sector recorded EBITDA before minority interests of A\$1.06 million in the half year. This is an improvement over the prior corresponding period and more pleasing than in past periods.



The result for **Potter Interior Systems** (wholly owned) was satisfactory, particularly in light of the generally softening and increasingly competitive New Zealand market. Potters expanded its installation activities and geographic spread by recently opening a new depot in regional New Zealand and is looking to add to its existing product range.

**Comprador Pacific** including the Charles Tims division (51% owned) delivered an improved result for the half year however profitability (although improving) remains below the required level and steps are being taken to address this. Expanding the product range and sourcing new supply avenues remains a priority.

The recorded value of Tag's investment in this sector at 31 December 2007 was A\$4.0 million. Tag's after tax return on the recorded value of its investments in the interior building products sector for the six month period was 9%.

#### **Dividend**

A dividend of 0.75 cents per share franked to 50% was paid on 15 October 2007. An interim dividend has not been declared.

#### **On-Market Buy-Back**

On 6 July 2007 the Company advised that it is undertaking an on-market buy-back of up to 5% of its issued shares. To date no shares have been purchased under the on-market buy-back.

#### **Outlook and Strategy**

Tag examined a large number of new investment opportunities in the half year but has refrained from making new investment commitments because of changing valuation parameters as well as other factors. The Group has strength in its diversity and relatively low levels of long term debt and is well placed to take advantage of opportunities that may arise from current market conditions.

Tag remains committed to delivering on its stated strategy of aggregating like assets that focus on identified growth sectors. We continue to seek new investments that can add real value to the Group in parallel with our plan to increase the underlying scale and profitability of our existing investments.

**ENDS**

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#### **For further information please contact:**

Peter Wise  
Chairman  
Tag Pacific Limited  
Tel: +61 2 8275 6000

Nathan Wise  
Company Secretary  
Tag Pacific Limited  
Tel: +61 2 8275 6000



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ASX LISTING RULES APPENDIX 4D

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**TAG PACIFIC LIMITED**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
**FOR THE PERIOD ENDED 31 DECEMBER 2007**

Tag Pacific Limited announces the following results for the Company and its controlled entities for the half year ended 31 December 2007. The results have been subject to review by the Company's external auditor.

**Results for Announcement to the Market**

	Six months to 31 December 2007 A\$'000	Six months to 31 December 2006 A\$'000	Change %
Revenue from ordinary activities	43,413	43,387	0%
Other income	(2,409)	6,672	(136%)
Profit/(loss) after tax attributable to members	(1,628)	7,138	(123%)
Net profit/(loss) for the period attributable to members	(1,628)	7,138	(123%)

Other income above relates to changes in fair value on listed investments for the period.

**Dividends**

A dividend of 0.75 cents per share (franked to 50%) was paid on 15 October 2007 (total A\$501,036). An interim dividend has not been declared.

**Net Tangible Assets per Share**

	31 December 2007 cents per share (A\$)	31 December 2006 cents per share (A\$)
M+H Power Group	17.5	15.6
Potter Interiors and Comprador Pacific	7.4	5.8
Unique World Group	2.7	2.3
IBA Health Group	16.8	23.6
Other	2.9	1.7
Minority Interests	(8.7)	(6.6)
<b>Net Assets per Share</b>	<b>38.6</b>	<b>42.4</b>
Intangibles	(1.6)	(1.5)
<b>Net Tangible Assets per Share</b>	<b>37.0</b>	<b>40.9</b>

The above calculations are based on 66,804,745 ordinary shares on issue.

**Details of Associates and Joint Venture Entities**

Name of Entity	Percentage Held (%)		Share of Net Profit (A\$'000)	
	Current Period	Previous Period	Current Period	Previous Period
Unique World Group Pty Ltd	37.9	31.2	203	131

For further information please see the attached Half Year Financial Report.

**Tag Pacific Limited**  
ABN 73 009 485 625

**Half Year Financial Report**  
**31 December 2007**

## DIRECTORS' REPORT

The directors submit the financial report of the consolidated entity for the half-year ended 31 December 2007.

### 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:

Peter Wise  
Gary Cohen  
Robert Constable  
Robert Moran  
Richard Peterson  
Gary Weiss

### Review of Operations

The results from the operating subsidiaries were generally positive while the performance of the consolidated entity's listed investments was subject to volatility in the first half. Overall, the Group recorded a net loss after tax and minority interests attributable to members of \$1.6 million (31 December 2006: net profit after tax and minority interests attributable to members of \$7.1 million).

### Dividends Paid or Recommended

A dividend of 0.75 cents per share (franked to 50%) was paid on 15 October 2007 (total A\$501,036). An interim dividend has not been declared.

### Rounding of Amounts

The consolidated 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, under section 307C of the Corporations Act 2001 which is attached on page 2 of this report.

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



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

Dated: 28 February 2008



Chartered Accountants  
& Business Advisers

**Auditor's Independence Declaration  
Under section 307C of the Corporations Act 2001**

As lead auditor for the review of Tag Pacific Limited for the half year ended 31 December 2007, 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 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tag Pacific Limited and the entities it controlled during the half year.

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

PKF

A larger handwritten signature in black ink, clearly legible as 'John Bresolin'.

**John Bresolin  
Partner**

**Sydney  
28 February 2008**

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia  
DX 10173 | Sydney Stock Exchange | New South Wales

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**TAG PACIFIC LIMITED AND CONTROLLED ENTITIES**  
**Condensed Income Statement**  
**For the half year ended 31 December 2007**

	Note	Consolidated	
		31 Dec 2007 A\$'000	31 Dec 2006 A\$'000
<b>Continuing Operations</b>			
Revenue	<b>2</b>	43,413	43,387
Other income	<b>2</b>	(2,409)	6,672
Expenses excluding finance costs	<b>3</b>	(41,444)	(42,106)
Finance costs		(293)	(292)
Share of net profits from associate		203	131
<b>(Loss)/profit before income tax expense</b>		<b>(530)</b>	<b>7,792</b>
Income tax expense		(458)	(271)
<b>(Loss)/profit from continuing operations</b>		<b>(988)</b>	<b>7,521</b>
Profit attributable to minority equity interest		(640)	(383)
<b>(Loss)/profit for the period attributable to members of parent entity</b>		<b>(1,628)</b>	<b>7,138</b>
Basic earnings per share (cents per share)		(2.4)	10.7
Diluted earnings per share (cents per share)		(2.4)	10.5
Dividends paid per share (cents per share)		0.75	0.75

The Condensed Income Statement should be read in conjunction with the attached notes.



**TAG PACIFIC LIMITED AND CONTROLLED ENTITIES**  
**Condensed Balance Sheet**  
**As at 31 December 2007**

	Note	Consolidated	
		As at 31 Dec 2007 A\$'000	As at 30 Jun 2007 A\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,691	3,681
Trade and other receivables		13,868	13,726
Inventories		15,828	16,329
Other current assets		728	346
Deferred tax assets		2,200	1,907
<b>TOTAL CURRENT ASSETS</b>		<b>37,315</b>	<b>35,989</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets		11,467	13,872
Equity accounted investments		1,835	1,708
Property, plant and equipment		1,794	1,790
Intangible assets		1,906	1,905
<b>TOTAL NON-CURRENT ASSETS</b>		<b>17,002</b>	<b>19,275</b>
<b>TOTAL ASSETS</b>		<b>54,317</b>	<b>55,264</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		14,396	13,964
Short-term borrowings		4,310	4,177
Current tax liabilities		482	212
Short-term provisions		1,479	1,396
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,667</b>	<b>19,749</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		1,959	2,209
Long-term provisions		81	78
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,040</b>	<b>2,287</b>
<b>TOTAL LIABILITIES</b>		<b>22,707</b>	<b>22,036</b>
<b>NET ASSETS</b>		<b>31,610</b>	<b>33,228</b>
<b>EQUITY</b>			
Issued capital	5	15,741	15,741
Reserves		872	921
Retained earnings		9,171	11,300
<b>TAG PARENT INTEREST</b>		<b>25,784</b>	<b>27,962</b>
Minority equity interest		5,826	5,266
<b>TOTAL EQUITY</b>		<b>31,610</b>	<b>33,228</b>

The Condensed Balance Sheet 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 2007**

	Consolidated					
	Attributable to equity holders of the parent				Minority interests	Total
	Issued Capital A\$'000	Retained Earnings A\$'000	Other Reserves A\$'000	Total A\$'000	A\$'000	A\$'000
<b>At 1 July 2007</b>	15,741	11,300	921	27,962	5,266	33,228
Currency translation differences	-	-	(87)	(87)	-	(87)
Share based payments	-	-	38	38	-	38
Profit/(loss) for period	-	(1,628)	-	(1,628)	640	(988)
Equity distributions	-	(501)	-	(501)	(80)	(581)
<b>At 31 December 2007</b>	<b>15,741</b>	<b>9,171</b>	<b>872</b>	<b>25,784</b>	<b>5,826</b>	<b>31,610</b>
<b>At 1 July 2006</b>	15,741	5,166	559	21,466	4,173	25,639
Currency translation differences	-	-	274	274	(3)	271
Profit for period	-	7,138	-	7,138	383	7,521
Equity distributions	-	(501)	-	(501)	(52)	(553)
Allocation of deferred tax benefit	-	(24)	-	(24)	(21)	(45)
<b>At 31 December 2006</b>	<b>15,741</b>	<b>11,779</b>	<b>833</b>	<b>28,353</b>	<b>4,480</b>	<b>32,833</b>

The Condensed Statement of Changes in Equity should be read in conjunction with the attached notes.

**TAG PACIFIC LIMITED AND CONTROLLED ENTITIES**  
**Condensed Cash Flow Statement**  
**For the half year ended 31 December 2007**

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
<b>Note</b>	<b>A\$'000</b>	<b>A\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	47,585	46,609
Payments to suppliers and employees	(45,043)	(45,419)
Dividends received	76	123
Interest received	78	78
Finance costs paid	(273)	(278)
Income taxes paid	(487)	(375)
Net cash provided by operating activities	1,936	738
<b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	(263)	(73)
Proceeds on sale of property, plant and equipment	7	-
Proceeds from sale of financial assets	-	806
Net cash (used in)/provided by investing activities	(256)	733
<b>Cash flows from financing activities</b>		
Dividends paid to members of parent entity	(501)	(501)
Payments to minority equity interests	(75)	(50)
Repayment of borrowings	(84)	(549)
Net cash used in financing activities	(660)	(1,100)
<b>Net increase in cash and cash equivalents</b>	1,020	371
Cash and cash equivalents at beginning of period	3,681	3,857
Effects of exchange rate changes on the balance of cash held in foreign currencies	(10)	180
<b>Cash and cash equivalents at end of period</b>	4,691	4,408

The Condensed Cash Flow Statement should be read in conjunction with the attached notes.

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 1. BASIS OF PREPARATION**

Tag Pacific Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

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 consolidated entity 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 2007, which was prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

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 2007 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

**(a) Basis of accounting**

The half-year financial report has been prepared on a historical cost basis, except for the revaluation of selected non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

Unless otherwise detailed in this note accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those applied in the 30 June 2007 annual report.

**(b) Statement of compliance**

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* and Accounting Standard AASB 134 "Interim Financial Reporting".

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Consolidated	
	2007	2006
	A\$'000	A\$'000
<b>NOTE 2: INCOME</b>		
<i>Sales revenue</i>		
Sale of goods and services	43,199	43,136
<i>Other revenue</i>		
Interest revenue	78	80
Dividends received	-	123
Other revenue	136	48
Total other revenue	214	251
Total sales and other revenue	43,413	43,387
<i>Other income</i>		
Fair value gain/(loss) on financial assets through profit or loss	(2,409)	6,624
Gains on disposal of financial assets through profit or loss	-	48
Total other income	(2,409)	6,672
Total income	41,004	50,059

**NOTE 3: EXPENSES**

Expenses excluding finance costs is comprised as follows:

Cost of goods sold	29,130	30,507
Employee benefits expenses	7,623	7,196
Depreciation and amortisation excluding amortisation of intangibles	220	421
Rental expenses	998	892
Other expenses	3,473	3,090
Total expenses excluding finance costs	41,444	42,106

**NOTE 4: DIVIDENDS PAID**

Ordinary dividend franked to 50% (2006: 23%) at the tax rate of 30% paid on 15 October 2007 (2006: 16 October 2006)	501	501
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**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

Consolidated	
2007	2006
A\$'000	A\$'000

**NOTE 5: ISSUED CAPITAL**

Issued and fully paid	15,741	15,741
66,804,745 (2006: 66,804,745) fully paid ordinary shares		

**NOTE 6: SEGMENTAL INFORMATION**

Business Segment	REVENUE		RESULT	
	Current Half Year	Previous Corresponding Half Year	Current Half Year	Previous Corresponding Half Year
	A\$'000	A\$'000	A\$'000	A\$'000
Building products	22,042	23,195	730	562
Power Products	21,320	20,051	1,687	1,044
Investment	51	141	(2,205)	6,795
Unallocated Expenses	-	-	(742)	(609)
<b>Total</b>	<b>43,413</b>	<b>43,387</b>	<b>(530)</b>	<b>7,792</b>

**NOTE 7: CONTINGENT LIABILITIES AND COMMITMENTS**

There are no material changes from the contingent liabilities and commitments reported in the 2007 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 consolidated entity in future financial periods.

**NOTE 9: EQUITY ACCOUNTED INVESTMENTS**

Tagpac Securities Ltd increased its interest in the ordinary shares of Unique World Group Pty Ltd to 38% from 36% on 12 July 2007 as Unique World Group Pty Ltd undertook a selective buy-back of its shares. As a result, Tagpac Securities Ltd's holding at the date of this report is 38%.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Tag Pacific Limited, the directors' declare that:

In the opinion of the directors:

1. The accompanying interim financial statements and notes, as set out on pages 3 to 9:
  - (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 2007 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: 28 February 2008



Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tag Pacific Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tag Pacific Limited and controlled entities, which comprises the condensed balance sheet as at 31 December 2007 and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Tag Pacific Limited and the entities it controlled at 31 December 2007 or from time to time during the half-year ended on that date.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Tag Pacific Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Tag Pacific Limited's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tag Pacific Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia  
DX 10173 | Sydney Stock Exchange | New South Wales

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*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.


*Conclusion*

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 the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



PKF



John Bresolin  
Partner

Sydney, 28 February 2008