



ASX ANNOUNCEMENT

EXPANSION OF SOLAR BUSINESS

- **Tag subsidiary to acquire Solaris Technology**
- **Expansion of design, construct and integration capabilities**

Sydney – 21 October 2010 – Tag Pacific Limited (ASX: TAG, NZX: TPC) announces a positive development in the solar power sector involving its 60% owned subsidiary, MPower Group Pty Limited.

In a move that highlights Tag's push for deeper involvement in renewable energy solutions, MPower has entered into an agreement to purchase 100% of the shares in Solaris Technology Pty Limited. Established in 1995, Solaris has extensive experience in the solar power sector through its specialisation in the design, construction and integration of solar power systems for both residential and commercial applications. With annual sales of A\$8 million in the year to 30 June 2010, Solaris is well positioned for further growth, which will be boosted by the capabilities and geographic reach that the association with MPower will bring.

"The acquisition of Solaris is an excellent opportunity for MPower to strengthen its position in the renewable energy sector and is consistent with the previously expressed objective of becoming a leading provider of innovative and dependable power solutions" said Tag Chairman Peter Wise. "We expect that MPower will benefit from a number of sales and operational synergies through the acquisition of Solaris and this increases our excitement about MPower's prospects."

"In recent years MPower has established itself as a leading supplier of solar system componentry and has set itself the objective of expanding into the design, construction and integration of solar systems. The Solaris business fits neatly with the existing MPower distribution activities on the one hand and with MPower's sophisticated power engineering solutions on the other."

Solaris currently employs 18 staff across its operation in South Australia and Western Australia. A staged expansion is planned into other geographic areas in which MPower currently operates. This includes the Pacific Islands where MPower's New Zealand subsidiary has already made significant inroads in the specification and supply of specialised power equipment.



The purchase of Solaris, which is expected to be completed in coming weeks, will be settled by cash payments of approximately A\$3 million staged over 2.5 years. The purchase is subject to a number of standard conditions precedent.

Solaris will be integrated into MPower's "Green" business unit which has itself been experiencing incremental growth in recent times following increased interest and acceptance of MPower's solar and cogeneration offerings. MPower is well positioned in the cogeneration and trigeneration sectors and is rapidly gaining recognition as a specialist in the design and construction of energy efficient systems for commercial applications. The addition of solar power design, construction and integration capabilities to the MPower mix puts MPower at the forefront of this emerging field.

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