



ASX ANNOUNCEMENT

TAG PACIFIC HALF YEAR RESULT

Sydney – 25 February 2010 – Tag Pacific Limited (ASX: TAG) (NZX: TPC)

The Tag Pacific Group recorded an interim net profit after tax and minority interests of A\$1.88 million for the six months to 31 December 2009.

Revenue from trading subsidiaries was noticeably lower however the overall EBITDA generated by the trading subsidiaries was generally in line with the prior corresponding period. The substantially increased group EBITDA of A\$3.62 million before minority interests and head office costs was aided by gains in the market value of listed investments.

The table below compares the result to the prior period:

	EBITDA Six months to 31 Dec 2009	EBITDA Six months to 31 Dec 2008	
Power	A\$1.65 million	A\$1.46 million	Up
Interior building products	A\$0.29 million	A\$0.39 million	Down
Investments - Technology	A\$1.68 million	A\$0.48 million	Up
Group EBITDA (before minority interests and head office costs)	A\$3.62 million	A\$2.33 million	Up

Continuing economic uncertainty prevailed throughout the period and the Tag Group's diversification made up for lacklustre performance in certain areas.

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



Power

During the period the **MPower Group** successfully launched a new brand and corporate structure which marks an exciting next stage of expansion. As a consequence of these moves, Tag's interest in MPower has increased slightly and is now around 60%.

MPower's EBITDA of A\$1.65 million for the half year was a pleasing performance because the contribution was generated off a lower revenue base. The business has patiently focused on delivering a consistently solid return, whilst at the same time progressively investing in its own future. MPower's liquidity is a key strength and the cash flow generated from operating activities continued to be healthy and provides a solid base from which the company can position itself for future growth.

Activities across all business units in the MPower Group were largely positive and this was reflected by good gains in historically robust divisions such as the stored, emergency and green business units. Several MPower business units have exposure to foreign currency movements which can be a major determinant of performance. During the period there was greater currency stability which resulted in an improvement in margins across a number of MPower divisions.

It was pleasing to see the successful completion of the A\$4.8 million Australian Defence Force floodlight trailer project, but undoubtedly the most notable event during the period was securing a A\$32 million Gorgon contract. This is a major project of great significance to the MPower Group as it will provide the catalyst and a solid platform for MPower's engineered solutions to maintain continued growth.

MPower's engineered solutions are powering forward and it was particularly pleasing to secure a number of strategic contracts during the period. MPower is progressively building its resources and is leveraging its key competencies by providing turnkey power systems through its expertise in design, commissioning and maintenance. MPower is rapidly developing a market leading position in the petrochemical and resources sector and is also growing its exposure to the potentially lucrative co-generation field. With new power generation technologies set to increase over the foreseeable future, MPower is well positioned to meet increased demand whilst pursuing new and exciting commercial opportunities using alternative forms of power.

The Tag Group's investment in the Power Property Unit Trust increased during the period, moving it from being equity accounted in the past to now being a 50.2% owned consolidated entity. The Power Property Unit Trust owns a commercial property in Melbourne which is leased to the MPower Group. The current book value of the property reflects the original depreciated cost which is substantially less than current market value. This will be addressed at year end.



Interior building products

Tag's investments in the interior building products sector recorded a reduced EBITDA before minority interests in the half year, reflecting the generally difficult commercial construction environment.

The result for **New Zealand** (Potter Interior Systems - wholly owned) was in line with expectation and reflected the general state of the New Zealand economy. The active steps taken by management during 2008 and 2009 in reducing the costs of the business to align with prevailing market conditions has been validated and has assisted the company to continue to generate profits off a lower sales base. Tighter management and greater flexibility have assisted Potters in maintaining its strong market presence, whilst the rationalisation of some product lines and fine-tuning of its marketing strategy have been of benefit.

Australia (Comprador Pacific including Charles Tims division -51% owned) showed resilience during the period, with better results hindered by competitive pressures and soft sales in some regions. Management of inventories and supply lines were challenges for the business during the period and will continue to be so while inconsistent market conditions persist. Several steps have been taken to counter these market conditions, including steps to boost productivity.

From a Tag Group perspective the overall investment in the interior building products sector has fallen short of desired investment returns in more recent times. The contribution level, whilst positive, is lower than those enjoyed in the past and this is the subject of continuing review.

Investments - Technology

The Tag Group's investment in the **iSOFT Group** (ASX: ISF) contributed a positive result for the first half with the iSOFT Group share price performing well in the period. The iSOFT Group's share price rose from A\$0.645 at 30 June 2009 to A\$0.77 at 31 December 2009, contributing A\$1.33 million to EBITDA. However, since then iSOFT Group's shares have been trading at lower levels which could see a reversal of the Tag Group's gains at year end if the current trend continues.

Notwithstanding this, iSOFT's recently released half year results, which are a matter of public record, point towards the likely benefits arising from global investment in health IT by governments and the computerisation of healthcare records.

Tag's investment in **Unique World** (38% owned) delivered a higher after tax equity accounted contribution of approximately A\$0.18 million for the half year.

Whilst Unique World has a reasonable and growing pipeline of projects moving into the second half, sales for the first half were below the prior period due to a number of major projects either being deferred or delayed. However, Unique World has managed to consolidate its position during the period as management has realigned the cost base of the business to suit the changing market. Being more flexible and well placed to respond to market demands has assisted Unique World in securing longer term engagements.



Proprietary software known as RecordPoint is gaining ground in its niche market, particularly within governmental and public sectors. Software activities have now been split from the core activities of Unique World and operating with discrete management, the outlook for RecordPoint for the remainder of the year is for incrementally improving fortunes as the benefits of the RecordPoint software become more transparent.

Outlook

The Tag Group's financial position remains strong with total equity of A\$31.1 million and no borrowings at a head office level. While net debt increased marginally during the half year this was due principally to the first time consolidation of the Power Property Unit Trust; and across the Group there are still relatively low levels of debt.

The Tag Group remains keenly focused on expansion despite the distractions brought about by the uncertain economic times. We continue to pro-actively seek additional opportunities, particularly in those sectors and areas which are best placed to deliver future growth and enhanced value to shareholders.

ENDS

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ASX LISTING RULES APPENDIX 4D

Tag Pacific Limited Results for Announcement to the Market for the period ended 31 December 2009

Tag Pacific Limited announces the following results for the Company and its controlled entities for the half year ended 31 December 2009. The results have been subject to review by the Company's external auditor.

Results for Announcement to the Market

	Six months to 31 December 2009	Six months to 31 December 2008	Change %
	A\$'000	A\$'000	
Revenue from ordinary activities	39,720	46,742	(15%)
Other income	1,408	426	231%
Profit after tax attributable to members	1,879	528	256%
Net profit for the period attributable to members	1,879	528	256%

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

Dividends

A dividend of 0.75 cents per share (franked to 100%) was paid on 16 October 2009 (total A\$515,145). An interim dividend has not been declared.

Net Tangible Assets per Share

Net tangible assets per share as at 31 December 2009 was A\$0.334 (30 June 2009: A\$0.319 per share).

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	37.9	181	48

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 2009

DIRECTORS' REPORT

The directors submit the financial report of Tag Pacific Limited and its controlled entities (the Group) for the half year ended 31 December 2009. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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 during and since the end of the half year unless otherwise stated:

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

Review of Operations

The Group recorded a net profit after providing for income tax and eliminating non-controlling interests of A\$1,878,795 for the half year ended 31 December 2009 (31 December 2008: A\$527,632). Overall the results from the operating subsidiaries within the Group were reasonable given the challenging economic conditions which prevailed during the period. The Group's listed investments were subject to improvement in the first half with a A\$1,335,020 fair value gain being recorded.

Dividends Paid or Recommended

In respect to the year ended 30 June 2009, a dividend of 0.75 cents (2008: 0.75 cents per share) per share (franked to 100%) was paid on 16 October 2009 totalling A\$515,145 (2008: A\$501,036). An interim dividend has not been declared for the half year ended 31 December 2009 (2008: no dividend declared).

Rounding off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

We have received an independence declaration from our auditors, Deloitte Touche Tohmatsu, under section 307C of the *Corporations Act 2001* a copy of which is attached on page 2 of the half year financial report.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors



.....
Peter Wise
Chairman
Sydney, 25 February 2010

The Board of Directors
Tag Pacific Limited
Level 30 Piccadilly Tower
133 Castlereagh Street
SYDNEY NSW 2000

25 February 2010

Dear Board Members,

Tag Pacific Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tag Pacific Limited.

As lead audit partner for the review of the financial statements of Tag Pacific Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Tara Hill
Partner
Chartered Accountants

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Income Statement
For the half year ended 31 December 2009

		Consolidated	
		Half year ended	
		31 Dec	31 Dec
	Note	2009	2008
		A\$'000	A\$'000
Continuing operations			
Revenue	2	39,720	46,742
Other income	2	1,408	426
Cost of sales		(27,623)	(32,720)
Employee benefits expense		(7,634)	(8,672)
Depreciation and amortisation expense		(258)	(256)
Finance costs		(205)	(258)
Other expenses	3	(3,289)	(4,237)
Share of profit of associates		181	48
Profit before tax		2,300	1,073
Income tax expense		(130)	(218)
Profit for the period		2,170	855
 Attributable to:			
Owners of the parent		1,879	528
Non-controlling interests		291	327
		2,170	855
 Earnings per share			
From continuing operations			
Basic (cents per share)		2.7	0.8
Diluted (cents per share)		2.7	0.8

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

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2009

	Consolidated	
	Half year ended	
Note	31 Dec 2009 A\$'000	31 Dec 2008 A\$'000
Profit for the period	2,170	855
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(23)	188
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period (net of tax)	(23)	188
Total comprehensive income for the period	2,147	1,043
 Total comprehensive income attributable to:		
Owners of the parent	1,856	716
Non-controlling interests	291	327
	2,147	1,043

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

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Financial Position
As at 31 December 2009

	Consolidated	
	As at 31 Dec 2009 A\$'000	As at 30 Jun 2009 A\$'000
Note		
CURRENT ASSETS		
Cash and cash equivalents	4,338	3,411
Trade and other receivables	13,780	13,530
Inventories	14,706	15,041
Other	3,657	2,454
TOTAL CURRENT ASSETS	36,481	34,436
NON-CURRENT ASSETS		
Investments accounted for using the equity method	2,317	2,325
Other financial assets	8,380	7,237
Property, plant and equipment	2,483	1,504
Deferred tax assets	3,073	2,901
Intangible assets	1,895	1,911
TOTAL NON-CURRENT ASSETS	18,148	15,878
TOTAL ASSETS	54,629	50,314
CURRENT LIABILITIES		
Trade and other payables	15,007	13,409
Borrowings	5,131	3,397
Current tax payables	303	417
Provisions	1,490	1,411
Other	292	533
TOTAL CURRENT LIABILITIES	22,223	19,167
NON-CURRENT LIABILITIES		
Borrowings	1,116	1,460
Provisions	143	130
TOTAL NON-CURRENT LIABILITIES	1,259	1,590
TOTAL LIABILITIES	23,482	20,757
NET ASSETS	31,147	29,557
EQUITY		
Issued capital	5 16,477	16,093
Reserves	536	558
Retained earnings	7,699	6,335
Equity attributable to owners of the parent	24,712	22,986
Non-controlling interest	6,435	6,571
TOTAL EQUITY	31,147	29,557

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the attached notes.

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2009

	Issued Capital	Retained Earnings	Other Reserves	Attributable to owners of the parent	Non- controlling interest	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Consolidated						
Balance at 1 July 2008	15,741	5,651	506	21,898	6,288	28,186
Profit for the period	-	528	-	528	327	855
Exchange differences arising on translation of foreign operations	-	-	188	188	-	188
Total comprehensive income for the period	-	528	188	716	327	1,043
Recognition of share based payments	-	-	(7)	(7)	-	(7)
Payment of dividends	-	(501)	-	(501)	(236)	(737)
Issue of shares under dividend reinvestment plan (Note 5)	357	-	-	357	-	357
Share issue costs	(5)	-	-	(5)	-	(5)
Balance at 31 December 2008	16,093	5,678	687	22,458	6,379	28,837
Balance at 1 July 2009	16,093	6,335	558	22,986	6,571	29,557
Profit for the period	-	1,879	-	1,879	291	2,170
Exchange differences arising on translation of foreign operations	-	-	(23)	(23)	-	(23)
Total comprehensive income for the period	-	1,879	(23)	1,856	291	2,147
Recognition of share based payments	-	-	1	1	-	1
Payment of dividends	-	(515)	-	(515)	(427)	(942)
Issue of shares under dividend reinvestment plan (Note 5)	384	-	-	384	-	384
Balance at 31 December 2009	16,477	7,699	536	24,712	6,435	31,147

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

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2009

	Consolidated	
	Half year ended	
	31 Dec	31 Dec
	2009	2008
Note	A\$'000	A\$'000
Cash flows from operating activities		
Receipts from customers	43,948	52,959
Payments to suppliers and employees	(42,168)	(51,874)
Interest and other costs of finance paid	(188)	(231)
Income tax paid	(470)	(562)
Net cash provided by operating activities	1,122	292
Cash flows from investing activities		
Dividends received	111	57
Interest received	30	91
Payment for property, plant and equipment	(161)	(185)
Net cash acquired upon acquisition of subsidiary	86	-
Proceeds from sale of property, plant and equipment	81	23
Net cash provided by/(used in) investing activities	147	(14)
Cash flows from financing activities		
Dividends paid to members of the parent entity (net of equity issue)	(131)	(149)
Dividends paid to non-controlling interests	(427)	(236)
Distributions paid to non-controlling interests	(36)	-
Proceeds from borrowings	670	-
Repayment of borrowings	(418)	(413)
Net cash used in financing activities	(342)	(798)
Net increase/(decrease) in cash and cash equivalents	927	(520)
Cash and cash equivalents at the beginning of the period	3,411	3,845
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	63
Cash and cash equivalents at the end of the period	4,338	3,388

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the attached notes.

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of selected non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2009 annual financial report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 3 *Business Combinations*
- AASB 8 *Operating Segments*
- AASB 101 *Presentation of Financial Statements*
- AASB 127 *Consolidated and Separate Financial Statements*.

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies and there has been no change to the amounts reported for the current or prior period.

Business Combinations

AASB 3 *Business Combinations* (2008) applies prospectively to business combinations for which the acquisitions date is on or after 1 July 2009 and alters the manner in which business combinations and changes in ownership interest in subsidiaries are accounted for. Accordingly, while its adoption has no impact on previous acquisitions made by the Group, the application of the Standard has affected the accounting for the acquisition of the Power Property Unit Trust in the current period.

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Combinations (continued)

The effect of AASB 3 (2008) and its consequential amendments to other Australian Accounting Standards has been to:

- allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests). In the current period, in accounting for the acquisition of the Power Property Unit Trust, the Group has elected to measure the non-controlling interest at fair value. Consequently, the goodwill recognised in respect of that acquisition reflects the impact of the difference between the fair value of the non-controlling interest and their share of the identifiable net assets of the acquiree;
- change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only where it met probability and reliably measurable criteria; under the revised Standard the consideration for the acquisition always includes the fair value of any contingent consideration. Once the fair value of the contingent consideration at the acquisition date has been determined, subsequent adjustments are made against goodwill only to the extent that they reflect fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). Under the previous version of the Standard, adjustments to contingent consideration were always made against goodwill;
- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, require the recognition of a settlement gain or loss, measured at fair value of non-contractual relationships; and
- require the acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being expensed when incurred. Previously such costs were accounted for as part of the cost of the acquisition of the business.

In addition to the above, the adoption of these new and revised Standards and Interpretations have resulted in changes to the Group's presentation of, or disclosure in, its half year financial statements in the following areas:

- presentation of the financial statements. Previously, in addition to the statement of financial position (formerly termed the 'balance sheet'), the income statement and the cash flow statement, the Group presented a statement of recognised income and expenses. As a consequence of the adoption of AASB 101 *Presentation of Financial Statements (2007)* and its associated amending standards, the Group no longer presents a statement of recognised income and expenses, but presents in addition to the statements listed above, a statement of comprehensive income; and
- information about the Group's segments. The adoption of AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* has resulted in both a re-designation of the Group's reportable segments and amended segment disclosures.

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Consolidated Half year ended	
	31 Dec 2009 A\$'000	31 Dec 2008 A\$'000
NOTE 2: INCOME		
<i>Sales revenue</i>		
Sale of goods and services	39,526	46,624
<i>Other revenue</i>		
Interest revenue	31	88
Other revenue	163	30
Total other revenue	194	118
Total sales revenue and other revenue	39,720	46,742
<i>Other income</i>		
Fair value gain on financial assets designated as at fair value through profit or loss upon initial recognition	1,335	415
Gains on disposal of assets	73	11
Total other income	1,408	426
Total income	41,128	47,168

NOTE 3: EXPENSES

Other expenses is comprised as follows:

Rental expenses	824	943
Other expenses	2,465	3,294
Total other expenses	3,289	4,237

NOTE 4: DIVIDENDS

		Half year ended	
		31 Dec 2009	31 Dec 2008
Cents per share	Total A\$'000	Cents per share	Total A\$'000
0.75	515	0.75	501

During the period, Tag Pacific Limited made the following dividend payments:

Final ordinary dividend franked to 100% (2008: 100%) at the tax rate of 30% paid on 16 October 2009 (2008: 5 December 2008)

0.75	515	0.75	501
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**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	31 Dec 2009		Consolidated 31 Dec 2008	
No.'000	A\$'000	No.'000	A\$'000	
NOTE 5: ISSUE OF EQUITY SECURITIES				
Fully paid ordinary shares				
Balance at beginning of financial period	68,686	16,093	66,805	15,741
Issue of shares (i)	1,921	384	1,881	357
Share issue costs	-	-	-	(5)
Balance at end of financial period	70,607	16,477	68,686	16,093

(i) There were 1,920,902 (2008: 1,881,217) fully paid ordinary shares issued on 16 October 2009 (2008: 5 December 2008) pursuant to the Company's Dividend Reinvestment Plan at an issue price of A\$0.20 (2008: A\$0.19) paid per ordinary share giving a total amount of A\$384,180.

NOTE 6: SEGMENT INFORMATION

The Group has adopted AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to the key management personnel' serving only as the starting point for the identification of such segments. Notwithstanding the adoption of AASB 8, the identification of the Group's reportable segments remains unchanged.

The Group's reportable segments under AASB 8 are therefore as follows:

- Interior building products;
- Power; and
- Investment.

The interior building products reportable segment distributes a specialised range of building products to the commercial interiors market. The power reportable segment provides innovative and dependable power solutions for use in all manner of emergency, back-up, generated and renewable power situations. The investment reportable segment consists principally of the company's investments in iSOFT Group Limited, Unique World Group Pty Limited and property owned by the Power Property Unit Trust.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are not materially different from the Group's accounting policies.

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

NOTE 6: SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment profit	
	Half year ended		Half year ended	
	31 Dec 2009 A\$'000	31 Dec 2008 A\$'000	31 Dec 2009 A\$'000	31 Dec 2008 A\$'000
Continuing operations				
Interior building products	17,366	21,436	291	263
Power	22,239	25,274	1,405	1,344
Investment	113	11	1,530	426
	39,718	46,721	3,226	2,033
Unallocated	2	21	(902)	(750)
	39,720	46,742	2,324	1,283
Finance costs			(205)	(258)
Share of profit of associates			181	48
Profit before tax			2,300	1,073

The revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment:

	31 Dec 2009 A\$'000	30 Jun 2009 A\$'000
Continuing operations		
Interior building products	13,861	14,615
Power	25,861	22,930
Investment	11,845	9,562
Total segment assets	51,567	47,107
Unallocated assets	3,062	3,207
Total assets	54,629	50,314

There are no assets that are used jointly by reportable segments.

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

NOTE 7: CONTINGENCIES AND COMMITMENTS

There are no material changes in the contingent liabilities or contingent assets since the end of the last annual reporting period.

NOTE 8: ACQUISITION OF SUBSIDIARY

On 27 July 2009, the Power Property Unit Trust redeemed all the units held by two non-controlling unitholders. As a result of the redemption of units, Tag's interest in the Power Property Unit Trust increased from 48.9% to 50.2%. Accordingly, the Power Property Unit Trust is now consolidated by the Tag Group from 27 July 2009. The Power Property Unit Trust is the owner of a property in Melbourne, Victoria which is occupied by the MPower Group.

a) Assets acquired and liabilities assumed at the date of acquisition

	A\$'000
Current assets	
Cash & cash equivalents	86
Non-current assets	
Land & buildings at cost	1,308
Less: accumulated depreciation	(254)
Net book value (i)	1,054
Current liabilities	
Trade & other payables (ii)	(61)
Borrowings (iii)	(1,071)
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- (i) Land and buildings at net book value of A\$1,053,758 relate to the land and buildings owned in Melbourne, Victoria rented to the MPower Group.
- (ii) Trade and other payables pertain predominantly to trust distributions payable to unit holders for the financial year ending 30 June 2009 and GST payable to the Australian Taxation Office.
- (iii) Borrowings of A\$1,071,480 relate to funds borrowed to fund the acquisition of land and buildings owned in Melbourne, Victoria.

The non-controlling interest (49.8%) in the Power Property Unit Trust recognised at the acquisition date was measured by reference to the fair-value of the non-controlling interest and amounted to A\$3,984. This fair value was estimated by applying an income approach.

b) Goodwill arising on acquisition

	A\$'000
Consideration transferred	22
Plus: non-controlling interests (at fair value)	4
Less: Fair value of identifiable net assets acquired	(4)
Goodwill arising on acquisition	22

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

NOTE 8: ACQUISITION OF SUBSIDIARY (CONTINUED)

c) Net cash outflow/(inflow) arising on acquisition

	A\$'000
Consideration paid in cash	-
Less: cash and cash equivalent balances acquired	86
	(86)

d) Impact of acquisition on the results of the Group

Included in the profit for the interim period is a net profit of A\$4,483 attributable to the Power Property Unit Trust. Revenue relating to rental income between related parties has been eliminated on consolidation. Included in borrowing costs is a liability of A\$1,071,480 relating to funds borrowed against the land and buildings in Melbourne, Victoria.

The initial accounting for the acquisition of the Power Property Unit Trust has only been provisionally determined at the end of the interim reporting period. At the end of the interim period, the final valuation report in respect of the land and buildings acquired had not yet been received. At the date of finalisation of this interim financial report the necessary market valuations and other calculations had not been finalised and the value of the land and buildings and goodwill noted above has therefore only been provisionally determined on the basis of net book value.

Had Tag Pacific Limited taken control of the Power Property Unit Trust on 1 July 2009 the net profit for the period before non-controlling interest would have been unchanged.

NOTE 9: 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 Group, the results of its operations, or the state of affairs of the Group in future financial periods.

NOTE 10: DISCLOSURE OF ADDITIONAL INFORMATION

On the 27 July 2009, M+H Power Systems Pty Limited completed a share buy-back and restructure by way of a share capital reduction. As a result of the restructure, a newly incorporated company, MPower Group Pty Limited became the parent company of the M+H Power and Advanced Power businesses and Tag's interest increased from 57.7% of M+H Power Systems Pty Limited to 59.9% of MPower Group Pty Limited following the restructure. The change has been accounted for as a transaction between shareholders' interests in equity.

NOTE 11: INVESTMENTS IN ASSOCIATES

There are no material changes to the equity accounted investments reported in the 2009 annual report.

DIRECTORS' DECLARATION

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



.....
Peter Wise
Chairman

Sydney, 25 February 2010

Independent Auditor's Review Report to the members of Tag Pacific Limited

We have reviewed the accompanying half-year financial report of Tag Pacific Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 Interim and Other Financial Reports 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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.

Auditor's Independence Declaration

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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Tara Finn
Partner
Chartered Accountants
Sydney, 25 February 2010