

TAG PACIFIC FULL YEAR RESULT FOR THE YEAR ENDED 30 JUNE 2013

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- **Revenue \$64.2 million compared with \$72.5 million in FY2012**
- **Net loss \$2.7 million, first part-year as power investment company**
- **Cash balance \$9.4 million at year end, no net debt**
- **Dividends of 5 cents per share paid during year plus bonus options issued**
- **Results improved in second half and trend expected to continue**
- **Operational and management transformation program enacted at MPower**

Sydney – 29 August 2013 – Tag Pacific Limited (ASX:TAG) today announced a Group loss after tax and non-controlling interests of \$2.7 million for the year ended 30 June 2013. The result does not include the surplus on acquisition of \$2.9 million that arose on the integration of MPower with Tag. The previous year's net profit result of \$4.3 million included a gain of \$3.1 million from the sale of investments. Revenue for the year was \$64.2 million.

An extensive restructuring of the MPower business following its full integration is helping to strengthen the core of Tag's power convergence business model and lay the foundation for better financial outcomes. Revenue during the six months to June improved by 10% to \$33.6 million compared with the first half, and the net loss of \$1.1 million in the second half was also better.

The full year result translates into a loss of 3.1 cents per share. With the surplus from integration of 3.3 cents per share, however, there was a small accretion in value during the period.

Tag retains a very strong balance sheet. Total assets reduced by \$5.1 million to \$53.6 million, but total liabilities increased by just \$1.9 million to \$23.8 million. Equity attributable to Tag shareholders rose by a net \$2.5 million to \$29.5 million, after the payment of \$3.5 million in dividends and the issue of some 23 million shares. Tag again ended the year with no debt net, having reduced total borrowings to \$3.7 million while holding cash and cash equivalents of \$9.4 million.

Fully franked dividends totalling 5.0 cents per share were paid in October 2012, and shareholders also received free bonus options on a 1:7 basis with a 20 cent exercise price and an October 2017 expiry date. In light of the substantial payments made to shareholders during the past year, and taking into account the FY2013 financial performance, directors have decided no dividend will be declared at this time.

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ASX ANNOUNCEMENT (continued)

Outlook and comment

Tag enacted a major capital and management transformation during FY2013 following the MPower integration to strategically focus on its investments in power. Emphasis was given to unifying operations across the Group to enable greater collaboration and communication. Improvements are being made to HR and employment policies; organisational structure is being flattened and rejuvenated; investments were made in health and safety practices; IT is moving onto a single, common platform; and improvements to supply chain processes and logistics are well under way. Flexible workplace practices were also introduced for project related activities. Tag is now better positioned to take advantage of the opportunities ahead.

Tag chairman Peter Wise said: “Challenges remain given the uncertain business environment, but we expect that results will continue to improve. We are also very well placed to take advantage of fundamental changes that we believe will occur within the power sector in the years ahead.

“MPower has the core competencies and reputation to meet the goals that we have set. For instance, it has developed systems to manage power demand and seamlessly integrate newer and cleaner sources of power with traditional means of supply. Innovations have also been made in the emerging field of power storage. These are evolving activities that will become very valuable for Tag and our shareholders.”

Major new contracts were awarded to MPower during the year in the oil and gas, commercial and energy efficient power systems sectors. They included two large contracts for the Inpex Ichthys gas project for Samsung Heavy Industries and Daewoo; BHP Billiton’s West Australian iron ore operation in the Pilbara; and Chevron’s Gorgon LNG project. The order book at the start of FY2014 stood at \$16.7 million, compared with \$4.7 million at the same time last year.

Solar power remains a challenging area. Rooftop solar power until recently was a strong contributor, but the sector is now beset by inconsistent policy, strong competition and business failures. Current difficulties will be overcome, and solar has a future with Tag, with a particular focus on off-grid and commercial solar where MPower has unique capabilities.

ABOUT

Tag Pacific Limited is a Sydney-based investment house listed on the Australian Securities Exchange with a focus on niche areas of the power industry. Tag has invested in a diverse range of companies and activities that have been brought together primarily to operate under the banner of MPower. The company’s mission is to invest in the power industry in a manner that creates and enhances value and achieves above average returns.



ASX ANNOUNCEMENT (continued)

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