



ASX ANNOUNCEMENT

HALF YEAR RESULT

Sydney – 27 February 2014 – Tag Pacific Limited (ASX: TAG)

Tag Pacific has reported an improved result for the half year ended 31 December 2013, reflecting a focus on lowering costs and driving efficiencies. Whilst revenue was slightly lower at \$29.4 million, the after tax loss of \$0.8 million was noticeably better than the loss of \$1.6 million recorded in the prior comparative period.

The bottom line trend for the last 18 months has been for each half year to be progressively better than the preceding one, and the trend is expected to continue.

General economic conditions are still hampering the day-to-day sales of core distribution products. While MPower has completed and delivered major projects, delays are being experienced as anticipated new projects come on stream. The solar market continues its struggle to find direction, as it has done in past reporting periods.

Despite these frustrations, considerable progress was made in the half year. Revenue for the half was less than budgeted and margins were eroded in some sectors, however this was over compensated by a marked reduction in costs compared to the previous corresponding period. This is evidenced by lower employment and other operating costs as management drives the MPower business to greater efficiency. This is a continuing program that began in late 2012 with the introduction of the Integration Plan, from which further benefits are expected to accrue over time.

Since last balance date, the Company has continued to manage its balance sheet prudently, with total assets reducing from \$53.6 million to \$49.4 million in the half year. The cash balance at the half year was \$8.2 million and borrowings stood at \$4.5 million.

Tag's strategy is to build on MPower's already strong foundation. MPower's business is based on the aggregation of strategic assets in the power sector that have been accumulated over time. It is centred on four basic pillars – solar power systems; power systems for the oil and gas sector; commercial power systems; and distribution/wholesaling activities – all of which are converging with changes in the power sector and the advent of new technologies.

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TAGPAC.COM
MPOWER.COM.AU

mpower
A Tag Company

ASX ANNOUNCEMENT (continued)

The transition is being made from a series of discrete and independent businesses into a unified group where the cross-pollination of resources and skills is designed to lead the company into new and exciting fields of endeavour. It has become more evident since Tag gained full control of MPower that there is considerable potential for expansion as the MPower businesses continue to be refined into an integrated enterprise. The focus on greater collaboration and communication across the various operating units has resulted in improved efficiencies. IT infrastructure and supply chain processes and logistics continue to be upgraded. These actions impact short term profitability, but they are considered strategically important for the longer term.

MPower

In general terms, Tag's investment in MPower is progressing satisfactorily. The diverse nature of MPower's activities when coupled with the in-house breadth of skill and talent has enabled weaknesses in some sectors to be mitigated by strengths in others.

Through its various divisions, MPower can on the one hand design and build multi-million dollar bespoke power systems for the oil & gas industry and on the other market and distribute lower value / high volume products like batteries and emergency equipment through discrete channels. It can build off-grid solar generation facilities in remote locations and it can supply, install and service diesel generation equipment tailored for every conceivable end use and location. MPower can generate power, store power, convert power and can regulate power. It is investing in the development of its own intellectual property.

So far this financial year, four major projects have worked their way through our Ingleburn facility. Two have already been substantially delivered on time and on budget. The recent collapse of the Forge Group has left elements of one of the substantially completed projects (BHP Billiton's Yarnima power station) in a state of flux. However, MPower does not expect to incur any material loss. Remaining projects are progressing to plan, and the pipeline of prospects is extremely large. Timing is everything, and that always remains a challenge when it comes to managing project resources.

Across MPower, there is now a greater focus towards areas where customers are seeking specialised skills, services and technical know-how. This applies just as much to our extensive range of distribution products as it does to the provision of power systems, in which multiple elements require synchronisation.



ASX ANNOUNCEMENT (continued)

One of the greatest challenges lies with renewable energy and the uncertainty that surrounds that sector. MPower took early steps to lessen its exposure to market instability, and has managed that reasonably well by streamlining its solar product offerings and its path to market. In addition, the focus in solar projects has shifted away from small roof-top solar towards larger projects and off-grid applications.

Another challenge has been to deal with issues from a previous era related to product management and supply chain control. This is being addressed, and particular attention is being directed towards increasing volumes to take advantage of fixed infrastructure and other facilities.

Outlook

Tag believes that the steps being taken are positioning the company advantageously for the changes that are occurring in the power sector, notwithstanding short term challenges which make forecasting difficult. MPower's capacity to manage power demand and seamlessly integrate newer and cleaner sources of power with more traditional sources is an important niche capability that is likely to lead to advances in practical applications for the storage of energy. Further, Tag's quest for new power related investments beyond the MPower horizon is likely to gain pace in the course of the next year.

No dividend has been declared for the period ended December 2013 and a final dividend will be considered if there is an acceptable rate of improvement during the remainder of the year.

ENDS

For further information please contact:

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Nathan Wise
Chief Executive Officer
Tag Pacific Limited
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ASX ANNOUNCEMENT (continued)

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 LISTING RULES APPENDIX 4D
FOR THE PERIOD ENDED 31 DECEMBER 2013**

Tag Pacific Limited announces the following results for the Company and its controlled entities for the half year ended 31 December 2013. The results have been subject to review by the Company's external auditor.

Results for Announcement to the Market

	Six months to 31 Dec 2013	Six months to 31 Dec 2012	Change
	A\$'000	A\$'000	%
Revenue from ordinary activities	29,380	30,611	(4)
Other income	-	5	(100)
Loss after tax attributable to members	(823)	(1,565)	47
Net loss for the period attributable to members	(823)	(1,565)	47

Dividends

The following dividends were declared and paid during the previous financial period:

	Date declared	Cents per share	A\$'000
2012 final dividend	17 September 2012	1.00	707
2012 special dividend	17 September 2012	4.00	2,827
	Total	5.00	3,534

All dividends referred to above were franked to 100% at the Australian corporate income tax rate of 30%. No dividends have been declared during the current period.

Net Tangible Assets per Share

The net tangible assets per share as at 31 December 2013 was 27.0 cents (30 June 2013: 27.9 cents per share).

Details of entities over which control has been gained or lost during the period

There were no changes in control of entities during the current period.

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

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Australia

Tag Pacific Limited

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**Half Year Financial Report
31 December 2013**

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 2013. 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
Nathan Wise
Gary Cohen
Robert Constable
Robert Moran
Richard Peterson
Gary Weiss

Review of Operations

The Group recorded a net loss of \$822,562 for the half year ended 31 December 2013 (31 December 2012: \$1,564,624) after providing for income tax and eliminating non-controlling interests. Although an overall loss was incurred, earnings before interest, taxation, depreciation and amortisation (EBITDA) reflected an improvement of approximately \$1.5 million and operating costs were substantially reduced compared to the comparable period in the prior year. Reference should be made to the Half Year Announcement accompanying this report for a more detailed review of operations.

Dividends Paid or Recommended

No interim dividend in respect of the half year ended 31 December 2013 has been declared. During the prior financial period an ordinary dividend of 1 cent per share totalling \$706,806 and a special dividend of 4 cents per share totalling \$2,827,226 were declared and paid. All dividends were franked to 100% at the corporate income tax rate of 30%.

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, 27 February 2014

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

27 February 2014

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 2013, 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

DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Profit or Loss
For the half year ended 31 December 2013

		Consolidated	
		Half Year Ended	
		31 Dec 2013	31 Dec 2012
	Note	A\$'000	A\$'000
Continuing operations			
Revenue	2	29,380	30,611
Other income	2	-	5
Cost of sales		(20,909)	(22,319)
Employee benefits expense		(5,550)	(5,877)
Depreciation and amortisation expense		(310)	(263)
Finance costs		(125)	(151)
Occupancy expense		(714)	(667)
Freight and transport expense		(630)	(863)
Other expenses		(2,312)	(3,058)
Loss before tax		(1,170)	(2,582)
Income tax benefit		361	683
Loss for the period from continuing operations		(809)	(1,899)
Discontinued operations			
Loss for the period from discontinued operations		-	(1)
Loss for the period		(809)	(1,900)
Loss attributable to:			
Owners of the company		(823)	(1,565)
Non-controlling interest		14	(335)
		(809)	(1,900)
Loss per share			
From continuing and discontinued operations:			
Basic (cents per share)		(0.9)	(1.9)
Diluted (cents per share)		(0.9)	(1.9)
From continuing operations:			
Basic (cents per share)		(0.9)	(1.9)
Diluted (cents per share)		(0.9)	(1.9)

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the attached notes.

TAG PACIFIC LIMITED AND CONTROLLED ENTITIES
Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For the half year ended 31 December 2013

	Consolidated	
	Half Year Ended	
	31 Dec 2013	31 Dec 2012
	A\$'000	A\$'000
Loss for the period	(809)	(1,900)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	106	32
(Loss)/gain on cash flow hedges taken to equity	(153)	213
Other comprehensive (loss)/income for the period net of tax	(47)	245
Total comprehensive loss for the period	(856)	(1,655)
Total comprehensive loss attributable to:		
Owners of the company	(870)	(1,353)
Non-controlling interest	14	(302)
	(856)	(1,655)

The Condensed Consolidated Statement of Profit or Loss and Other 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 2013

	Note	Consolidated	
		As at	As at
		31 Dec 2013	30 Jun 2013
		A\$'000	A\$'000
CURRENT ASSETS			
Cash and cash equivalents		8,180	9,361
Trade and other receivables		13,957	18,914
Inventories		12,628	11,586
Other assets		1,876	1,275
TOTAL CURRENT ASSETS		36,641	41,136
NON-CURRENT ASSETS			
Other financial assets		17	17
Property, plant and equipment		3,334	3,399
Deferred tax assets		6,164	5,716
Intangible assets		3,271	3,295
TOTAL NON-CURRENT ASSETS		12,786	12,427
TOTAL ASSETS		49,427	53,563
CURRENT LIABILITIES			
Trade and other payables		12,882	16,813
Borrowings	7	1,811	2,198
Provisions		2,347	2,358
Other liabilities		586	773
TOTAL CURRENT LIABILITIES		17,626	22,142
NON-CURRENT LIABILITIES			
Borrowings	7	2,723	1,462
Provisions		137	120
Other liabilities		20	29
TOTAL NON-CURRENT LIABILITIES		2,880	1,611
TOTAL LIABILITIES		20,506	23,753
NET ASSETS		28,921	29,810
EQUITY			
Issued capital	4	22,246	22,246
Reserves		3,633	3,675
Retained earnings		2,723	3,546
Equity attributable to owners of the company		28,602	29,467
Non-controlling interest		319	343
TOTAL EQUITY		28,921	29,810

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 2013

	Issued Capital	Retained earnings	Capital Reserve	Foreign Exchange Translation Reserve	Revaluation Reserve	Acquisition of Minorities Reserve (Note 5)	Share Option Reserve	Cash Flow Hedge Reserve	Attributable to owners of the parent entity	Non- Controlling Interest	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Consolidated											
Balance at 1 July 2012	16,409	9,799	659	(356)	301	-	225	(78)	26,959	9,907	36,866
Loss for the period	-	(1,565)	-	-	-	-	-	-	(1,565)	(335)	(1,900)
<i>Other comprehensive income net of tax</i>											
Exchange differences arising on translation of foreign operations	-	-	-	25	-	-	-	-	25	7	32
Gain on cash flow hedge taken to equity	-	-	-	-	-	-	-	187	187	26	213
Total comprehensive income/(loss) for the period	-	(1,565)	-	25	-	-	-	187	(1,353)	(302)	(1,655)
Acquisition of minority interest	-	-	-	-	-	2,870	-	-	2,870	-	2,870
Recognition of share based payments	-	-	-	-	-	-	1	-	1	-	1
Issue of shares	5,837	-	-	-	-	-	-	-	5,837	-	5,837
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	(8,720)	(8,720)
Payment of dividends	-	(3,534)	-	-	-	-	-	-	(3,534)	(560)	(4,094)
Balance at 31 December 2012	22,246	4,700	659	(331)	301	2,870	226	109	30,780	325	31,105
Balance at 1 July 2013	22,246	3,546	659	(253)	301	2,871	231	(134)	29,467	343	29,810
Loss for the period	-	(823)	-	-	-	-	-	-	(823)	14	(809)
<i>Other comprehensive income net of tax</i>											
Exchange differences arising on translation of foreign operations	-	-	-	106	-	-	-	-	106	-	106
Loss on cash flow hedge taken to equity	-	-	-	-	-	-	-	(153)	(153)	-	(153)
Total comprehensive income/(loss) for the period	-	(823)	-	106	-	-	-	(153)	(870)	14	(856)
Recognition of share based payments	-	-	-	-	-	-	5	-	5	-	5
Payment of dividends	-	-	-	-	-	-	-	-	-	(38)	(38)
Balance at 31 December 2013	22,246	2,723	659	(147)	301	2,871	236	(287)	28,602	319	28,921

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 2013

Note	Consolidated	
	Half Year Ended	
	31 Dec 2013	31 Dec 2012
	A\$'000	A\$'000
Cash flows from operating activities		
Receipts from customers	38,767	37,286
Payments to suppliers and employees	(40,350)	(40,502)
Interest received	118	229
Interest and other costs of finance paid	(103)	(129)
Income tax paid	-	(332)
Net cash used in operating activities	(1,568)	(3,448)
Cash flows from investing activities		
Payment for property, plant and equipment	(221)	(138)
Payment for product development costs and other intangible assets	-	(53)
Proceeds from sale of property, plant and equipment	-	7
Net cash used in investing activities	(221)	(184)
Cash flows from financing activities		
Dividends paid to members of the parent entity	-	(3,534)
Dividends paid to non-controlling interests	-	(526)
Distributions paid to non-controlling interests	(38)	(34)
Proceeds from share issues	-	17
Cost of share issues	-	(30)
Proceeds from borrowings	1,319	693
Repayment of borrowings	(678)	(1,681)
Net cash provided by / (used in) financing activities	603	(5,095)
Net decrease in cash and cash equivalents	(1,186)	(8,727)
Cash and cash equivalents at the beginning of the period	9,361	17,772
Effects of exchange rate changes on the balance of cash held in foreign currencies	5	4
Cash and cash equivalents at the end of the period	8,180	9,049

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

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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 2013 annual financial report for the financial year ended 30 June 2013, 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 amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of the application of AASB 10

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the Group. The adoption of AASB 10 did not have any impact on the disclosures or on the amounts recognised in the half-year report.

Impact of the application of AASB 12

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. The adoption of AASB 12 did not have any impact on the disclosures or on the amounts recognised in the half-year report.

Impact of the application of AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, and the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of the application of AASB 119

In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. The application of AASB 119 has not had any material impact on the amounts recognised in the consolidated financial statements.

Impact of the application of AASB 127, 2012-5 and 2012-10

The Group has applied the above standards and amendments for the first time in the current year. The adoption of these standards and amendments did not have any impact on the disclosures or on the amounts recognised in the half-year report.

The adoption of all the new and revised standards and interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half years.

NOTE 2: INCOME

	Consolidated Half Year Ended	
	31 Dec 2013	31 Dec 2012
	A\$'000	A\$'000
Continuing operations		
<i>Sales revenue</i>		
Sale of goods and services	29,143	30,205
<i>Other revenue</i>		
Interest revenue	118	195
Other revenue	119	211
Total other revenue	237	406
Total sales revenue and other revenue	29,380	30,611
<i>Other income</i>		
Gains on disposal of assets	-	5
Total other income	-	5
Total income	29,380	30,616

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

NOTE 3: DIVIDENDS

		31 Dec 2013		Consolidated Half Year Ended 31 Dec 2012	
	Cents per share	Total A\$'000	Cents per share	Total A\$'000	

During the period, Tag Pacific Limited paid the following dividends franked to 100% at the tax rate of 30%:

Ordinary dividend paid	-	-	1.0	707	
Special dividend paid	-	-	4.0	2,827	

No dividends have been declared during the current period. (2012: The ordinary and special dividends were declared on 17 September 2012 and paid on 4 October 2012.)

NOTE 4: ISSUE OF EQUITY SECURITIES

		31 Dec 2013		Consolidated 31 Dec 2012	
	No.'000	A\$'000	No.'000	A\$'000	
Fully paid ordinary shares					
Balance at beginning of financial period	93,717	22,246	70,681	16,409	
Issue of shares	-	-	22,939	5,850	
Exercise of listed options	1	-	86	17	
Share issue costs	-	-	-	(30)	
Balance at end of financial period	93,718	22,246	93,706	22,246	

In the prior year 22,939,447 fully paid ordinary shares were issued as part of the acquisition of the minority interest in the MPower Group.

The company issued 550,000 unlisted share options (2012: 2,170,000) over ordinary shares under its Executive Share Option plan during the half-year reporting period. These share options had a fair value at grant date of \$0.01 per share option (2012: \$0.02).

On 4 October 2012 the company issued 10,063,538 listed bonus options to existing shareholders on a 1 for 7 basis. These listed options are exercisable at \$0.20 per share and expire 4 October 2017. 563 listed options were exercised in the period to 31 December 2013 (2012: 86,198).

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

NOTE 5: ACQUISITION OF MINORITIES RESERVE

On 28 September 2012 Tag Pacific Limited acquired the remaining 40.7% of shares held by the minority shareholders of MPower Group Pty Limited. The acquisition gave rise to a surplus on acquisition of \$2,871,875 which is reflected in reserves.

NOTE 6: SEGMENT INFORMATION

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.

The Tag Group's reportable segments are organised into 2 major sectors – power investments and property investments. These sectors are the basis on which the Tag Group reports its reportable segment information. The principal products and services of each of those sectors are as follows:

- Power investments – consists of MPower Group Pty Limited, MPower Business Services Pty Limited, MPower Products Pty Limited, MPower Pacific Limited, MPower Projects Pty Limited, MPower Solar Systems Pty Limited and MPower Nominees Pty Limited. At 31 December 2013 these entities were wholly owned by Tag This group is a leading provider of innovative and dependable power solutions for use in all manner of emergency, back-up, generated and renewable power situations in Australia, New Zealand and Fiji.
- Property investments – consists principally of Tag's investment in the Power Property Unit Trust which owns a property occupied by a subsidiary of MPower Group Pty Limited in Melbourne, Victoria.

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

NOTE 6: SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the group's revenue and results by reportable segment:

	Revenue		Segment profit	
	Half Year Ended		Half Year Ended	
	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000
Continuing operations				
Power investments	29,305	30,445	331	(1,187)
Property investments	83	98	77	95
Net unallocated and inter-segment eliminations	(8)	68	(8)	68
Total for continuing operations	29,380	30,611	400	(1,024)
Depreciation and amortisation expense			(310)	(263)
Finance costs			(125)	(151)
Unallocated costs			(1,135)	(1,144)
Loss before income tax from continuing operations			(1,170)	(2,582)
Discontinued operations				
Building products investments	-	-	-	(1)
Loss before income tax from discontinued operations			-	(1)
Income tax benefit from continuing and discontinued operations			361	683
Consolidated segment loss for the period			(809)	(1,900)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, depreciation and amortisation costs, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

NOTE 6: SEGMENT INFORMATION (CONTINUED)

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

	As at 31 Dec 2013 A\$'000	As at 30 Jun 2013 A\$'000
Continuing operations		
Power investments	36,987	40,479
Property investments	1,865	1,961
Total segment assets	38,852	42,440
Unallocated assets	10,575	11,123
Total consolidated assets	49,427	53,563

All assets are allocated to reportable segments. There are no assets used jointly by reportable segments.

NOTE 7: BORROWINGS

During the period, the Group drew additional net loan amounts of \$752,383 (2012: repaid \$969,714) under its banking facilities and repayments were made in accordance with their previously disclosed repayment terms. The proceeds from the loans have been used to meet short-term expenditure needs, bear interest at variable market rates, and are repayable within one year.

The St George Bank facilities, covenants and terms were renegotiated during the period and facility documents have subsequently been executed.

NOTE 8: FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

8.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 Dec 2013 \$'000	30 Jun 2013 \$'000				
Equity securities	\$17	\$17	Level 1	Quoted bid prices in an active market.	N/A	N/A
Foreign currency forward contracts			Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Assets	\$115	\$597				
Liabilities	\$399	\$593				

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

NOTE 8: FINANCIAL INSTRUMENTS (CONTINUED)

**8.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis
(but fair value disclosures are required)**

The directors consider that the carrying amounts of the following financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values:

	As at 31 Dec 2013 A\$'000	As at 30 Jun 2013 A\$'000
Financial assets		
Trade and other receivables	13,957	18,914
Cash and cash equivalents	8,180	9,361
Financial liabilities		
Trade and other payables	12,882	16,813
Borrowings	4,534	3,660

NOTE 9: 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 10: 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.

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



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Peter Wise
Chairman

Sydney, 27 February 2014

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 statement of financial position as at 31 December 2013, the condensed statement of profit or loss, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed 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 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 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 2013 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.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tag Pacific Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 2013 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



Weng W Ching
Partner
Chartered Accountants
Sydney, 27 February 2014