ASX ANNOUNCEMENT

Tag Pacific Limited
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ASX LISTING RULES APPENDIX 4D
FOR THE PERIOD ENDED 31 DECEMBER 2014

Tag Pacific Limited announces the following results for the Company and its controlled entities for the half year ended 31 December 2014. The results have been subject to review by the Company's external auditor.

Results for Announcement to the Market

	Six months to 31 Dec 2014 $'000	Six months to 31 Dec 2013 $'000	Change %
Revenue from ordinary activities	25,958	29,380	(12)
Loss after tax attributable to members	(9,965)	(823)	>100
Net loss for the period attributable to members	(9,965)	(823)	>100

Dividends
No dividends were declared or paid during the current or previous financial periods.

Net Tangible Assets per Share
The net tangible assets per share as at 31 December 2014 was 15.2 cents (30 June 2014: 23.4 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.

HALF YEAR RESULT

Tag Pacific Limited
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GPO Box 4032
Sydney NSW 2001
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Sydney – 27 February 2015 – Tag Pacific Limited (ASX: TAG)

Overview

The challenges that Tag Pacific faced in the 2014 financial year have continued into 2015. In recent years, Tag has focussed on its wholly owned power investments which operate through two broad divisions:

- MPower Projects which designs and constructs a wide variety of power system solutions in Australia
- MPower Products which distributes a range of specialised power related products in Australia, and offshore through MPower Pacific

It is frustrating that while significant progress has been made as MPower Projects moves towards being a “distributed energy supplier of choice”, the distribution activities of MPower Products have been struggling.

The underperformance of MPower Products has been the primary trigger for the reversal of balance sheet items totalling $7.1 million through the profit and loss statement. These items are both non-cash and non-recurring:

- All intangibles on the consolidated balance sheet totalling $2.3 million have been written off.
- Capitalised tax assets have been reduced by $4.8 million to zero. It is expected that the available tax losses will ultimately be used, however accounting standards require a higher level of certainty for the tax assets to be retained on the balance sheet.

The result for the first half can be summarised as follows:

	A$ million
MPower EBITDA loss (before half year provisions)	1.0
MPower half year provisions	0.4
Depreciation, interest and other costs	1.5
Non-cash, non-recurring accounting charges	7.1
Statutory loss	10.0

MPower Projects

MPower Projects improved its performance in the first half with break-even EBITDA for the period. MPower Projects is emerging as the distributed energy supplier of choice and the mix of future business is now gradually aligning itself to this new paradigm.

Whilst remaining committed to its core markets, MPower Projects recognises that there is a need to use its technical skills and resources to shape its markets, rather than react to them. In addition to existing skills in diesel generation, the growing capabilities in power conversion, energy storage and large scale off-grid solar developments are together redefining MPower Projects as an industry specialist in distributed power systems for critical applications.

By increasing its resources and expertise in large scale solar systems during the period, MPower Projects has enhanced its prospects in energy storage and smart controls. The development of packaged solutions in which solutions are designed once and reused in multiple situations is still aspirational, but very much a core focus of current developments.

The current committed forward order book at the start of the second half reflects a significant improvement over the position six months earlier. What is of particular interest, however, is the composition of the current committed work which differs substantially from previous periods. Projects recently commenced include:

- a $4 million off-grid solar development connected to a mine site mini-grid, the largest of its size in Australia; and
- a $2 million landmark energy storage system with a sophisticated management system, the largest in Australia to operate alongside a solar power plant.

Whilst the very nature of the MPower Projects business carries with it some development risk as it advances into new areas, there is a general sense of optimism that the company is on the right path. The immediate challenge is to meld the existing core competencies in diesel generation and oil and gas project work with the converging opportunities in distributed power; and to fuse the competencies in sophisticated project engineering with the requirements of a base load of business in smart controls, energy storage and the developing field of renewable energy.

MPower Projects is meeting those challenges and its prospect list gives confidence that returns should improve in times ahead.

MPower Products

MPower Products recorded an EBITDA loss for the half year which was similar to that of the immediately preceding six month period. Further provisions have now been made, largely for issues that originated in earlier years.

Actions to develop supplier relationships, product management and inventory – and generally reshape the distribution activities to a leaner and meaner operation – are starting to kick in. A series of steps have been taken with a view to reversing the fortunes of MPower Products:

- Management changes
- Process improvement
- Inventory rationalisation
- Review range / discontinue unprofitable lines
- Review infrastructure / discontinue physical presence where not justified by sales levels

Core distribution areas such as batteries and specialised solar components have held up relatively well in a competitive environment. Solar componentry, including solar batteries, remains worthwhile due to the specialisation in niche off-grid and fringe areas where technical advice is valued.

Emergency lighting is midway through the process of shifting its strategic direction. New product rollouts were delayed but are now coming through. There are a number of significant prospects in the months ahead which have the capacity to point the division towards a more secure future.

Overall, the MPower Products business has sufficient volumes and levels of activity to indicate that a return to profitability should not be too far away, provided the business maintains focus on its core activities and ensures its cost base is aligned to the level of sales.

MPower Pacific, which operates in New Zealand and across the Pacific, parallels most of the activities of MPower Products. However, unlike MPower Products the main contributor is batteries and related products. The result for MPower Pacific was below expectation and improvement is expected in the second half.

Balance sheet

The balance sheet has shrunk on the back of the half year result, although it needs to be reiterated that the change is predominantly represented by a $7.1 million reduction in non-cash and non-recurring accounting reversals.

MPower has no long term bank debt. Working capital and other facilities utilised at 31 December 2014 amounted to $4.1 million. Cash at that date was $3.9 million. Cash reduced during the half year through the repayment by MPower of all its long term bank debt, the impact of the MPower Products trading loss, and an increase in working capital brought about by increased inventory and project timing. Working capital is expected to improve in the second half.

The remaining debt of $1.1 million on the Tag balance sheet relates to a mortgage on the property held by the 55% owned Power Property Unit Trust.

The future

Viewing the investment in the portfolio of MPower businesses from the parent company level, the expectation is that each business will prove to be lucrative in the fullness of time. There are many aspects of what is happening within MPower which support an optimistic view. Driving this is the fundamental change that is occurring within the Australian power sector where the move towards energy efficiency, decentralised power, energy storage and renewable energy is an essential and recurring theme. With its technical expertise and solid reputation, MPower has positioned itself at the hub of these changes and ought to benefit from them.

Meanwhile, there are active steps being taken by management to address structural issues and improvements are expected.

The challenge ahead is for MPower to improve the consistency of its returns by achieving sufficient volumes of activity, whilst at the same time continuing to develop its capabilities. Meanwhile, at Tag, the challenge is to expand our investment horizons.

ENDS

For further information please contact:

Peter Wise	Nathan Wise
Chairman	Chief Executive Officer
Tag Pacific Limited	Tag Pacific Limited
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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.

Tag Pacific Limited

ABN 73 009 485 625

Half Year Financial Report
31 December 2014

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 2014. 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 $9,964,964 for the half year ended 31 December 2014 (31 December 2013: $822,562) after providing for income tax and eliminating non-controlling interests. The loss includes charges totalling $7,112,723 relating to an impairment of goodwill and other intangible assets and the derecognition of the total deferred taxation asset brought forward from 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 has been declared or paid in respect of the half year ended 31 December 2014 (2013: Nil).

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 2015

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

27 February 2015

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 2014, 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
Condensed Consolidated Statement of Profit or Loss
For the half year ended 31 December 2014

		Consolidated	
		Half Year Ended	
		31 Dec 2014	31 Dec 2013
	Note	$'000	$'000
Continuing operations			
Revenue	2	25,958	29,380
Materials and consumables used		(17,360)	(18,312)
Advertising and marketing expense		(100)	(251)
Depreciation and amortisation expense		(316)	(310)
Employee benefits expense		(7,529)	(8,147)
Finance costs		(143)	(125)
Freight and transport expense		(632)	(630)
Impairment expense	6	(2,326)	-
Occupancy expense		(690)	(714)
Other expenses		(2,027)	(2,061)
Loss before tax		**(5,165)**	**(1,170)**
Income tax (expense) / benefit	7	(4,787)	361
Loss for the period from continuing operations		**(9,952)**	**(809)**
Loss attributable to:			
Owners of the company		(9,965)	(823)
Non-controlling interest		13	14
		(9,952)	**(809)**
Loss per share			
Basic (cents per share)		(10.6)	(0.9)
Diluted (cents per share)		(10.6)	(0.9)

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

TAG PACIFIC LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2014

	Consolidated	
	Half Year Ended	
	31 Dec 2014	31 Dec 2013
	$'000	$'000
Loss for the period	(9,952)	(809)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(95)	106
Gain/(loss) on cash flow hedges taken to equity	205	(153)
Other comprehensive income/(loss) for the period net of tax	110	(47)
Total comprehensive loss for the period	**(9,842)**	**(856)**
Total comprehensive loss attributable to:		
Owners of the company	(9,855)	(870)
Non-controlling interest	13	14
	(9,842)	**(856)**

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

TAG PACIFIC LIMITED
Condensed Consolidated Statement of Financial Position
As at 31 December 2014

	Note	As at 31 Dec 2014 $'000	As at 30 Jun 2014 $'000
		Consolidated	
CURRENT ASSETS			
Cash and cash equivalents		3,927	11,263
Trade and other receivables		12,378	10,563
Inventories		12,861	11,982
Other assets		938	664
TOTAL CURRENT ASSETS		30,104	34,472
NON-CURRENT ASSETS			
Other financial assets		34	51
Property, plant and equipment		3,071	3,249
Deferred tax assets	**7**	-	4,868
Intangible assets	**6**	-	2,154
TOTAL NON-CURRENT ASSETS		3,105	10,322
TOTAL ASSETS		33,209	44,794
CURRENT LIABILITIES			
Trade and other payables		10,928	11,402
Borrowings	**8**	3,843	4,989
Provisions		2,176	2,187
Other liabilities		194	198
TOTAL CURRENT LIABILITIES		17,141	18,776
NON-CURRENT LIABILITIES			
Borrowings	**8**	1,355	1,432
Provisions		131	126
Other liabilities		4	14
TOTAL NON-CURRENT LIABILITIES		1,490	1,572
TOTAL LIABILITIES		18,631	20,348
NET ASSETS		14,578	24,446
EQUITY			
Issued capital	**4**	22,246	22,246
Reserves		528	414
(Accumulated loss) / retained earnings		(8,513)	1,452
Equity attributable to owners of the company		14,261	24,112
Non-controlling interest		317	334
TOTAL EQUITY		14,578	24,446

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

TAG PACIFIC LIMITED
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2014

Consolidated	Issued Capital $'000	Share Option Reserve $'000	Foreign Exchange Translation Reserve $'000	Cash Flow Hedge Reserve $'000	Acquisition of Minorities Reserve $'000	Capital Reserve $'000	Revaluation Reserve $'000	Retained earnings $'000	Attributable to owners of parent entity $'000	Non-Controlling Interest $'000	Total $'000
Balance at 1 July 2013	22,246	231	(253)	(134)	2,871	659	301	3,546	29,467	343	29,810
Loss for the period	-	-	-	-	-	-	-	(823)	(823)	14	(809)
Other comprehensive income net of tax											
Exchange differences arising on translation of foreign operations	-	-	106	-	-	-	-	-	106	-	106
Loss on cash flow hedge taken to equity	-	-	-	(153)	-	-	-	-	(153)	-	(153)
Total comprehensive (loss) for the period	-	-	106	(153)	-	-	-	(823)	(870)	14	(856)
Recognition of share based payments	-	5	-	-	-	-	-	-	5	-	5
Payment of dividends	-	-	-	-	-	-	-	-	-	(38)	(38)
Balance at 31 December 2013	**22,246**	**236**	**(147)**	**(287)**	**2,871**	**659**	**301**	**2,723**	**28,602**	**319**	**28,921**
Balance at 1 July 2014	22,246	240	(104)	(23)	-	-	301	1,452	24,112	334	24,446
Loss for the period	-	-	-	-	-	-	-	(9,965)	(9,965)	13	(9,952)
Other comprehensive income net of tax											
Exchange differences arising on translation of foreign operations	-	-	(95)	-	-	-	-	-	(95)	-	(95)
Loss on cash flow hedge taken to equity	-	-	-	205	-	-	-	-	205	-	205
Total comprehensive income/(loss) for the period	-	-	(95)	205	-	-	-	(9,965)	(9,855)	13	(9,842)
Recognition of share based payments	-	4	-	-	-	-	-	-	4	-	4
Payment of dividends	-	-	-	-	-	-	-	-	-	(30)	(30)
Balance at 31 December 2014	**22,246**	**244**	**(199)**	**182**	**-**	**-**	**301**	**(8,513)**	**14,261**	**317**	**14,578**

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

TAG PACIFIC LIMITED
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2014

		Consolidated	
		Half Year Ended	
	Note	31 Dec 2014 $'000	31 Dec 2013 $'000
Cash flows from operating activities			
Receipts from customers		26,184	38,767
Payments to suppliers and employees		(31,874)	(40,350)
Interest received		60	118
Interest and other costs of finance paid		(143)	(103)
Net cash used in operating activities		(5,773)	(1,568)
Cash flows from investing activities			
Payment for property, plant and equipment		(137)	(221)
Payment for other intangibles		(173)	-
Net cash used in investing activities		(310)	(221)
Cash flows from financing activities			
Distributions paid to non-controlling interests		(30)	(38)
Proceeds from borrowings		314	1,319
Repayment of borrowings		(1,545)	(678)
Net cash (used in) / provided by financing activities		(1,261)	603
Net decrease in cash and cash equivalents		(7,344)	(1,186)
Cash and cash equivalents at the beginning of the period		11,263	9,361
Effects of exchange rate changes on the balance of cash held in foreign currencies		8	5
Cash and cash equivalents at the end of the period		3,927	8,180

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 2014**

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 2014 annual financial report for the financial year ended 30 June 2014, 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.

Changes in accounting policies

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 half-year.

Recognition and Measurement
AASB 13 Fair value measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13:
Requires inclusion of a measure for credit risk in the calculations of assets and liabilities recorded at fair value.

AASB 1031 'Materiality' (2013):
Guidance on materiality has been removed from AASB 1031 and cross references inserted to other standards and the Framework for the Preparation and Presentation of Financial Statements where guidance on materiality is located. While this may not change materiality conclusions, rationale and documentation of materiality considerations will change.

AASB 132 Financial instruments Asset and liability offsetting — amendments to recognition & measurements:
Clarifies when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet.

AASB 136 Recoverable Amounts Disclosure for Non-Financial Assets (amendments):
Removes extra disclosure requirements with regard to the measurement of the recoverable amount of impaired assets.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 139 Financial instruments - Novation of derivatives and continuation of hedge accounting:
Provides an exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

There has been no material change in accounting for the financial half-year ended 31 December 2014 as a result of applying these standards.

Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments:
Addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but can be early adopted. The Group has not yet assessed its impact and has not yet adopted AASB 9.

AASB 15 Revenue from Contracts with Customers:
Revised contract - based five-step revenue recognition model, which addresses multiple element arrangements and may accelerate or defer revenue recognition. The standard is not applicable until 1 January 2017 but can be early adopted. The Group has not yet assessed its impact and has not yet adopted AASB 15.

At the date of authorisation of the financial statements, the following IASB Standards were also in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	30 June 2017
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016	30 June 2017

NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 2: INCOME

	Consolidated Half Year Ended 31 Dec 2014 $'000	31 Dec 2013 $'000
Continuing operations		
Sales revenue		
Sale of goods and services	25,868	29,143
Other revenue		
Interest revenue	60	118
Other revenue	30	119
Total other revenue	90	237
Total sales revenue and other revenue	25,958	29,380

NOTE 3: DIVIDENDS

No dividends were declared or paid during the current or previous financial period.

NOTE 4: ISSUE OF EQUITY SECURITIES

	31 Dec 2014		Consolidated 31 Dec 2013	
	No.'000	$'000	No.'000	$'000
Fully paid ordinary shares				
Balance at beginning of financial period	93,718	22,246	93,717	22,246
Exercise of listed options	-	-	1	-
Balance at end of financial period	93,718	22,246	93,718	22,246

No unlisted share options over ordinary shares under the Executive Share Option plan were issued during the half-year reporting period (2013: 550,000). The share options issued in the previous year had a fair value at grant date of $0.01 per share option.

NOTE 5: 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 2014 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 the Pacific islands.

- 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.

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 2014 \$'000	**31 Dec 2013 \$'000**	**31 Dec 2014 \$'000**	**31 Dec 2013 \$'000**
Continuing operations				
Power investments	25,919	29,305	(3,738)	331
Property investments	85	83	76	77
Other	(46)	(8)	(46)	(8)
Total for continuing operations	25,958	29,380	(3,708)	400
Depreciation and amortisation expense			(316)	(310)
Finance costs			(143)	(125)
Unallocated costs			(998)	(1,135)
Loss before income tax			(5,165)	(1,170)
Income tax (expense) / benefit			(4,787)	361
Consolidated segment loss for the period			(9,952)	(809)

NOTE 5: SEGMENT INFORMATION (CONTINUED)

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.

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

	As at 31 Dec 2014 $'000	As at 30 Jun 2014 $'000
Continuing operations		
Power investments	30,959	34,234
Property investments	1,865	1,902
Total segment assets	32,824	36,136
Unallocated assets	385	8,658
Total consolidated assets	33,209	44,794

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

NOTE 6: INTANGIBLE ASSETS

The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 4.5 year period. The cash flows are discounted using weighted average cost of capital disclosed below.

Goodwill is allocated to the Tag Group's cash-generating units identified according to business segment and country of operation for impairment testing purposes. Goodwill has been allocated to the investment in the power sector which is a reportable segment and cash generating unit. At reporting date all the goodwill recognised has arisen from acquisitions of businesses which were purchased as going concerns.

These businesses continue to be operated and there are no plans to cease any part of the operations. The following assumptions were used in the value-in-use calculations for goodwill which was allocated to the cash generating unit:

	Growth rate	Discount rate
MPower Group Pty Ltd and its controlled entities	2.5%	13.5%

The value-in-use calculations have been based on financial budgets approved by management on a one year basis and extrapolated over 4.5 years using a growth rate appropriate for the markets in which the entities within the MPower Group operate. The forecasts are extrapolated beyond 4.5 years based on estimated long term growth rates of 2.5%. Discount rates are adjusted to incorporate risks associated with entities within the MPower Group.

NOTE 6: INTANGIBLE ASSETS (CONTINUED)

The key assumptions for the value in use calculations are those regarding discount rates, long term growth rates, expected changes in EBITDA. The assumptions regarding long term growth rates, together with changes in EBITDA are based on past experience, current trading and expected changes in the market.

The impairment testing resulted in an impairment charge of $2,326,061 being recognised in profit or loss in the current year (31 December 2013: Nil).

The directors estimate that if EBITDA in the base period reflected in the model were to decrease up to 5%, it could result in the aggregate carrying amount of the cash generating unit exceeding the recoverable amount by up to $655,627.

NOTE 7: DEFERRED TAXES

The recoverability of the deferred tax assets has been determined by reference to forecast future taxable profits of the group. As a result of the uncertainty as to the timing of utilisation of tax losses, deferred tax assets of $4,786,662 were derecognised during the period. This position will be reassessed on an ongoing basis. Despite the derecognition of these losses on the statement of financial position, the losses will remain available indefinitely to offset against future taxable profits, subject to continuing to meet the statutory tax tests of continuity of ownership or failing that, the same business test.

NOTE 8: BORROWINGS

Facilities, covenants and terms with St George Bank were renegotiated during the period and facility documents have been executed. These banking facilities have liquidity and gearing covenants in place.

During the period, the Group repaid loan amounts (net of drawdowns) of $1,230,973 out of available cash resources (2013: net drawdown of $631,384). Current loans are used to meet short-term expenditure needs, bear interest at variable market rates, and are repayable within one year.

NOTE 9: FINANCIAL INSTRUMENTS

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

9.1 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 31 Dec 2014 $'000	Fair value as at 30 Jun 2014 $'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity securities	34	51	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	243	-				
Liabilities	93	107				

9.2 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 2014 $'000	As at 30 Jun 2014 $'000
Financial assets		
Trade and other receivables	12,378	10,563
Cash and cash equivalents	3,927	11,263
Financial liabilities		
Trade and other payables	10,928	11,402
Borrowings	5,198	6,421

NOTE 10: 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 11: 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

Peter Wise

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Peter Wise
Chairman

Sydney, 27 February 2015

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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 2014, 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 15.

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 2014 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 2014 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 2015