

**ASX LISTING RULES APPENDIX 4D
FOR THE PERIOD ENDED 31 DECEMBER 2015**

Tag Pacific Limited announces the following results for the Company and its controlled entities for the half year ended 31 December 2015. The results have been subject to review by the Company's external auditor.

Results for Announcement to the Market

	Six months to 31 Dec 2015	Six months to 31 Dec 2014	Change
	\$'000	\$'000	%
Revenue from ordinary activities	28,149	25,868	9
Net loss for the period attributable to members	(1,263)	(9,965)	87

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 2015 was 9.4 cents (30 June 2015: 12.7 cents per share) based on an increase in the number of fully paid ordinary shares on issue to 124,328,175 at 31 December 2015 following the completion of a pro rata non-renounceable rights issue by the company (30 June 2015: 93,717,749 ordinary shares).

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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ASX ANNOUNCEMENT

TAG PACIFIC HALF YEAR RESULT

Sydney – 26 February 2016 – Tag Pacific Limited (ASX: TAG)

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The half year result for the period to 31 December 2015 shows some welcome signs of improvement. Although a loss was recorded, it is significantly less than the loss for the prior comparative period. Importantly, MPower's overall performance continues to improve on prior periods, although this improvement is not yet evident in the results for all business divisions.

It is pleasing that the group increased its half on half revenue to \$28.1 million after having navigated through earlier difficult periods in which restructuring costs and one-off and non-cash items had a major impact. It should also be noted that earlier periods included revenue from subsequently discontinued MPower activities, so the revenue increase is even more pronounced in true comparative terms.

MPower overview

Tag's wholly owned power investments continue to operate through two broad divisions:

- MPower Projects which designs and constructs a wide variety of power system solutions for critical applications. More recently these activities have centred on solutions for the growing areas of renewables and energy storage.
- MPower Products which distributes a range of power related products in Australia and offshore through MPower Pacific. The distribution of standard generator products was discontinued in mid-2015 in favour of a concentration on more worthwhile power products.

The strong controls around the MPower Group's systems and processes have continued to bear fruit which has been beneficial in the maintenance of inventory levels and the enhancement of working capital. The earlier reduction in fixed staff numbers and the contraction of physical facilities has resulted in lower operating costs as anticipated. Variable staff numbers and term-limited contractors have increased considerably during the half year period, in response to the workflow on specific projects and their timelines.

MPower Projects

Mention has been made in earlier periods of how MPower Projects is emerging as an industry specialist in distributed power systems, particularly for critical applications. This trend has continued and there is growing recognition of the company's world class skills in power conversion, energy storage, smart controls and large scale solar developments, all of which are in addition to its strong track record in back-up power generation.

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ASX ANNOUNCEMENT (continued)

MPower Projects achieved close to 90% of its revenue target and recorded a commendable and positive EBITDA for the period. The challenge, as always, has been the timing of major contracts and the matching and deployment of resources. The company continues on its path to build a variable business model that can be appropriately scaled to suit circumstances.

Securing the \$14 million Samoa solar project at the start of the financial year was a major milestone for the business and validates the group's vision and strategy. Work on the project has progressed well, a credit to management who have worked well in demanding circumstances to manage the company's first major offshore solar project. This project is evolutionary in that the expertise and knowledge being gained is already being factored into new remote and hybrid power systems that are on the horizon.

Other noteworthy solar and energy storage projects secured or progressed this financial year include:

- A \$1.7 million energy storage system with cloud prediction technology in Western Australia.
- A \$2.0 million grid connect energy storage system in Queensland.
- A \$1.0 million remote hybrid energy storage and solar farm in Western Australia.
- A \$4.0 million solar farm feeding into a diesel mini-grid on a remote mine site in Queensland.

Each of the above projects has a pioneering element. Building the capability to deliver these ground-breaking projects has understandably inhibited recent financial performance, but the investment in capability is now vindicated by the growing pipeline of opportunities.

MPower Products

On a like for like basis, the revenue of MPower Products during the first half was down on the prior corresponding period. A reduced overall loss for MPower Products has been welcome. The improvements are attributable to the thinned down operating structure, tighter control of inventories, range rationalisation and improved supplier relationships. However, operating losses persist and the desired result has still not been achieved.

Batteries and solar componentry are the mainstay of the distribution activities and with growing specialisation in niche off-grid and fringe areas, the company's investment in technical competency is becoming more valuable. Increasing volumes is now the key.

The Bardic emergency lighting business has made further enhancements to its product range and supply lines which are now starting to alleviate the earlier delays in new product sourcing and rollouts. It is fair to say that the turnaround in this division has been more prolonged than was originally envisaged; and the ability to design and supply specialised products suitable for projects and specialised applications has not yet brought



ASX ANNOUNCEMENT (continued)

the anticipated results. The benefits, however, are still expected to flow and some good wins in recent months have validated the path being pursued towards a more robust and secure future.

MPower Pacific, which has a strong footprint in batteries and related products, has continued to make gains in New Zealand and across the Pacific Islands and returned a modest yet positive EBITDA for the first half. The company's expertise and product range are well suited to the telecommunications arena and specialised power system opportunities and its reputation is well recognised.

Balance sheet

Management of the balance sheet continues to be an important focus. Inventory levels and other working capital items are being well controlled and are appropriate for the current level of activities.

At the consolidated Tag Group level, cash at half year was \$5.9 million. This includes the net proceeds of \$1.16 million from the 11:20 rights issue in December 2015.

It is expected that the available tax losses will ultimately be used; however accounting standards require a high level of certainty for the tax assets to be included on the balance sheet.

Property

The Tag Group continues to hold a 55% majority interest in the Power Property Unit Trust which owns a commercial property in Melbourne leased to MPower. The property has an unchanged carrying value of \$1.7 million.

Dividends

No dividend has been declared. Franking credits of \$7.4 million are available for use at a later date.

Share buy-back

No shares were purchased during the half year under the Company's on market share buy-back facility which remains in place.

ASX ANNOUNCEMENT (continued)

Looking ahead

Fundamental changes are occurring within the Australian power sector. The contemporary themes and dynamics have been well covered by market commentators and Tag sees the important items to note as follows:

- The growing market penetration and acceptance of renewables.
- The decentralisation of power generation.
- The growing emergence of viable alternatives for remote communities and locations.
- The development of precinct power and mini-grids featuring on-site generation.
- The emergence of energy storage as a disruptive force.
- The need for smart technology to control and manage all of the above.

The long evolution of MPower from a number of diverse businesses into an integrated and multi-faceted group under Tag's ownership is positioning MPower at the very hub of these changes.

This repositioning has occurred without much fanfare and the strengths that MPower has developed have not yet been widely recognised by the investment community, in part because the transition has been difficult and costly (and perhaps not fully understood), but what has been occurring is in many respects quite noteworthy.

In broad overview, Tag's investment in MPower has many compelling elements to it:

- A growing reputation for innovation and capability.
- The evolution of proprietary technology.
- The emergence of a broader range of market opportunities.
- Greater acceptance in the region of environmental considerations.
- Renewed government initiatives which are driving innovation.
- Identifiable growth options which have the lure of more attractive margins.

Tag believes that together with MPower's experienced management team these elements make a compelling mid-term investment thesis and a sound platform for growth. Of course, as with all enterprises which are striving for new horizons and are innovating market disruptive capabilities, there are challenges and risks. What Tag has seen in MPower is an opportunity to invest early-on in anticipation of a future growth curve. At the same time Tag is devoting more energy towards leveraging its investment and is actively seeking opportunities to develop the group beyond its current position.



ASX ANNOUNCEMENT (continued)

ENDS

For further information please contact:

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Nathan Wise
Chief Executive Officer
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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 2015**

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 2015. 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 \$1,263,014 for the half year ended 31 December 2015 (31 December 2014: \$9,964,964) after providing for income tax and eliminating non-controlling interests. The prior year loss included 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.

A pro rata non-renounceable rights issue was undertaken by the company during the period. As part of this process 30,610,426 ordinary shares were issued at \$0.04 per share. No shares were issued during the prior year.

Dividends Paid or Recommended

No interim dividend has been declared or paid in respect of the half year ended 31 December 2015 (2014: nil).

Rounding off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/100, 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, 26 February 2016

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

26 February 2016

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 2015, 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



Weng W Ching
Partner
Chartered Accountants

TAG PACIFIC LIMITED
Condensed Consolidated Statement of Profit or Loss
For the half year ended 31 December 2015

	Note	Consolidated	
		31 Dec 15	31 Dec 14
		\$'000	\$'000
Revenue	2	28,149	25,868
Other revenue		86	60
Other income		56	30
Materials and consumables used		(19,963)	(17,360)
Advertising and marketing expense		(82)	(100)
Depreciation and amortisation expense		(190)	(316)
Employee benefits expense		(6,663)	(7,529)
Finance costs		(145)	(143)
Freight and transport expense		(524)	(632)
Impairment expense		-	(2,326)
Occupancy expense		(572)	(690)
Other expenses		(1,397)	(2,027)
Loss before tax		(1,245)	(5,165)
Income tax expense	6	-	(4,787)
Loss for the period		(1,245)	(9,952)
Loss attributable to:			
Owners of the company		(1,263)	(9,965)
Non-controlling interest		18	13
		(1,245)	(9,952)
Loss per share			
Basic (cents per share)		(1.3)	(10.6)
Diluted (cents per share)		(1.3)	(10.6)

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 2015

	Consolidated	
	Half Year Ended	
	31 Dec 15	31 Dec 14
	\$'000	\$'000
Loss for the period	(1,245)	(9,952)
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	43	(95)
(Loss)/gain on cash flow hedges taken to equity	(156)	205
Other comprehensive (loss)/ income for the period net of tax	(113)	110
Total comprehensive loss for the period	(1,358)	(9,842)
Total comprehensive loss attributable to:		
Owners of the company	(1,376)	(9,855)
Non-controlling interest	18	13
	(1,358)	(9,842)

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 2015

	Note	Consolidated	
		As at 31 Dec 15 \$'000	As at 30 Jun 15 \$'000
CURRENT ASSETS			
Cash and cash equivalents		5,901	5,680
Trade and other receivables	3	14,052	12,096
Inventories		7,819	8,924
Other assets		675	354
Other financial assets		11	43
TOTAL CURRENT ASSETS		<u>28,458</u>	<u>27,097</u>
NON-CURRENT ASSETS			
Other financial assets		18	62
Property, plant and equipment		3,001	2,983
TOTAL NON-CURRENT ASSETS		<u>3,019</u>	<u>3,045</u>
TOTAL ASSETS		<u>31,477</u>	<u>30,142</u>
CURRENT LIABILITIES			
Trade and other payables		12,110	10,505
Borrowings		3,787	3,731
Provisions		1,768	1,926
Other liabilities		403	286
TOTAL CURRENT LIABILITIES		<u>18,068</u>	<u>16,448</u>
NON-CURRENT LIABILITIES			
Borrowings		1,354	1,375
Provisions		82	122
TOTAL NON-CURRENT LIABILITIES		<u>1,436</u>	<u>1,497</u>
TOTAL LIABILITIES		<u>19,504</u>	<u>17,945</u>
NET ASSETS		<u>11,973</u>	<u>12,197</u>
EQUITY			
Issued capital	4	23,410	22,246
Reserves		185	297
Accumulated losses		(11,942)	(10,679)
Equity attributable to owners of the company		<u>11,653</u>	<u>11,864</u>
Non-controlling interest		320	333
TOTAL EQUITY		<u>11,973</u>	<u>12,197</u>

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 2015

	Issued Capital \$'000	Share Option Reserve \$'000	Foreign Exchange Translation Reserve \$'000	Cash Flow Hedge 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 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)
<i>Other comprehensive income/(loss) net of tax</i>									
Exchange differences arising on translation of foreign operations	-	-	(95)	-	-	-	(95)	-	(95)
Gain 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
Balance at 1 July 2015	22,246	249	(224)	(29)	301	(10,679)	11,864	333	12,197
Loss for the period	-	-	-	-	-	(1,263)	(1,263)	18	(1,245)
<i>Other comprehensive income/(loss) net of tax</i>									
Exchange differences arising on translation of foreign operations	-	-	43	-	-	-	43	-	43
Gain on cash flow hedge taken to equity	-	-	-	(156)	-	-	(156)	-	(156)
Total comprehensive income/(loss) for the period	-	-	43	(156)	-	(1,263)	(1,376)	18	(1,358)
Issue of share capital (note 4)	1,164	-	-	-	-	-	1,164	-	1,164
Recognition of share based payments	-	1	-	-	-	-	1	-	1
Payment of dividends	-	-	-	-	-	-	-	(31)	(31)
Balance at 31 December 2015	23,410	250	(181)	(185)	301	(11,942)	11,653	320	11,973

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 2015

	Consolidated	
	Half Year Ended	
	31 Dec 15	31 Dec 14
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	30,672	26,184
Payments to suppliers and employees	(31,356)	(31,874)
Interest received	18	60
Interest and other costs of finance paid	(146)	(143)
Net cash used in operating activities	<u>(812)</u>	<u>(5,773)</u>
Cash flows from investing activities		
Payment for property, plant and equipment	(248)	(137)
Proceeds from sale of property, plant and equipment	46	-
Payment for other intangibles	-	(173)
Proceeds from sale of investments	79	-
Net cash used in investing activities	<u>(123)</u>	<u>(310)</u>
Cash flows from financing activities		
Distributions paid to non-controlling interests	(31)	(30)
Proceeds from borrowings	3,510	314
Repayment of borrowings	(3,478)	(1,545)
Proceeds from issues of shares of the Company	1,224	-
Payment for share issue costs	(60)	-
Net cash generated by/(used in) financing activities	<u>1,165</u>	<u>(1,261)</u>
Net increase/(decrease) in cash and cash equivalents	230	(7,344)
Cash and cash equivalents at the beginning of the period	5,680	11,263
Effects of exchange rate changes on the balance of cash held in foreign currencies	(9)	8
Cash and cash equivalents at the end of the period	<u>5,901</u>	<u>3,927</u>

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 2015**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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.

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 98/100, 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 2015 annual financial report for the financial year ended 30 June 2015, 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

There were no new or revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Group's operations and effective for the current half-year.

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 2018 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 2018 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
IFRS 16 Leases	1 January 2019	30 June 2020
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017	30 June 2018

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

NOTE 2: INCOME

	Consolidated Half Year Ended	
	31 Dec 15	31 Dec 14
	\$'000	\$'000
<i>Sales revenue</i>		
Sale of goods and services	28,149	25,868
<i>Other revenue</i>		
Interest revenue	86	60
Other income	56	30
Total other revenue	142	90
Total sales revenue and other revenue	28,291	25,958

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 Dec 15	30 Jun 15
	\$'000	\$'000
Trade receivables	7,046	7,043
Allowance for doubtful debts	(82)	(74)
	6,964	6,969
Other debtors	1,242	937
Accrued revenue receivable	5,846	4,190
Total trade and other receivables	14,052	12,096

Accrued revenue receivable relates mainly to unbilled income recognised on project activities measured by the projects' stage of completion.

NOTE 4: ISSUE OF EQUITY SECURITIES

	31 Dec 15		Consolidated 31 Dec 14	
	No.'000	\$'000	No.'000	\$'000
Fully paid ordinary shares				
Balance at beginning of financial period	93,718	22,246	93,718	22,246
Shares issued (net of issue costs)	30,610	1,164	-	-
Balance at end of financial period	124,328	23,410	93,718	22,246

30,610,426 ordinary shares were issued during the period at \$0.04 per share (2014: nil) under a pro rata non-renounceable rights issue undertaken by the company. No unlisted share options over ordinary shares under the Executive Share Option plan were issued during the current or comparative half-year reporting periods.

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 Samoa Limited, MPower Solar Systems Pty Limited and MPower Nominees Pty Limited. At 31 December 2015 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 15	31 Dec 14	31 Dec 15	31 Dec 14
	\$'000	\$'000	\$'000	\$'000
Power investments	28,256	25,919	(197)	(3,738)
Property investments	85	85	83	76
Other	(50)	(46)	(50)	(46)
Total revenue and segment profit	28,291	25,958	(164)	(3,708)
Depreciation and amortisation expense			(190)	(316)
Finance costs			(145)	(143)
Unallocated costs			(746)	(998)
Loss before income tax			(1,245)	(5,165)
Income tax expense			-	(4,787)
Consolidated segment loss for the period			(1,245)	(9,952)

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 2015**

NOTE 5: SEGMENT INFORMATION (CONTINUED)

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

	As at 31 Dec 15 \$'000	As at 30 Jun 15 \$'000
Continuing operations		
Power investments	28,420	27,416
Property investments	1,874	1,903
Total segment assets	30,294	29,319
Unallocated assets	1,183	823
Total consolidated assets	31,477	30,142

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

NOTE 6: DEFERRED TAXES

The recoverability of the deferred tax assets is determined by reference to forecast future taxable profits of the group. Due to the uncertainty as to the timing of utilisation of tax losses, no deferred tax assets were recognised during the period. During the comparative period deferred tax assets of \$4,787,000 were derecognised. Despite the derecognition of these losses for accounting purposes, the losses 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 7: DIVIDENDS

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

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

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 15 \$'000	30 Jun 15 \$'000				
Equity securities	18	62	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	11	43				
Liabilities	336	157				

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 15 \$'000	As at 30 Jun 15 \$'000
Financial assets		
Trade and other receivables	14,052	12,096
Cash and cash equivalents	5,901	5,680
Financial liabilities		
Trade and other payables	12,110	10,505
Borrowings	5,141	5,106

NOTE 9: CONTINGENCIES AND COMMITMENTS

There have been 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



.....
Peter Wise
Chairman

Sydney, 26 February 2016

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 2015, 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 13.

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 2015 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 2015 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, 26 February 2016