



ASX ANNOUNCEMENT

ASX LISTING RULES APPENDIX 4D FOR THE PERIOD ENDED 31 DECEMBER 2016

Tag Pacific Limited announces the following results for the Company and its controlled entities for the half year ended 31 December 2016. The results have been subject to review by the Company's external auditor.

Results for Announcement to the Market

	Six months to 31 Dec 2016	Six months to 31 Dec 2015	Change
	\$'000	\$'000	%
Revenue from ordinary activities	22,351	28,149	(20)
Net loss for the period attributable to members	(1,326)	(1,263)	(5)

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 2016 was 8.7 cents (30 June 2016: 9.7 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.

Tag Pacific Limited
ABN 73 009 485 625

Phone +61 2 8275 6000
Fax +61 2 8275 6060

Level 30 Piccadilly Tower
133 Castlereagh Street
GPO Box 4032
Sydney NSW 2001
Australia

TAGPAC.COM
MPOWER.COM.AU

mpower
A Tag Company

Tag Pacific Limited

ABN 73 009 485 625

**Half Year Financial Report
31 December 2016**

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 2016. 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
Gary Weiss

Review of Operations

The Group recorded a net loss of \$1,326,000 for the half year ended 31 December 2016 (31 December 2015: \$1,263,000) after providing for income tax and eliminating non-controlling interests. 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 2016 (2015: nil).

Rounding off of Amounts

The company is a company of the kind referred to in Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument 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 2017

27 February 2017

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

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 2016, 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



Alfie Nehama
Partner
Chartered Accountants

TAG PACIFIC LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2016

	Note	Half Year Ended	
		31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue	2	22,351	28,149
Other revenue		28	86
Other income		109	56
Materials and consumables used		(14,041)	(19,963)
Depreciation and amortisation expense		(146)	(190)
Employee benefits expense		(6,510)	(6,663)
Finance costs		(150)	(145)
Freight and transport expense		(439)	(524)
Occupancy expense		(580)	(572)
Other expenses		(1,933)	(1,479)
Loss before income tax		(1,311)	(1,245)
Income tax expense		-	-
Loss for the period		(1,311)	(1,245)
Loss attributable to:			
Owners of the company		(1,326)	(1,263)
Non-controlling interest		15	18
		(1,311)	(1,245)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(16)	43
Gain/(loss) on cash flow hedges taken to equity		136	(156)
Other comprehensive income/(loss) for the period net of tax		120	(113)
Total comprehensive loss for the period		(1,191)	(1,358)
Total comprehensive loss attributable to:			
Owners of the company		(1,206)	(1,376)
Non-controlling interest		15	18
		(1,191)	(1,358)
Loss per share			
Basic (cents per share)		(1.1)	(1.3)
Diluted (cents per share)		(1.1)	(1.3)

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 2016

	Note	31 Dec 2016 \$'000	As At 30 Jun 2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents		4,558	3,834
Trade and other receivables	3	11,264	13,949
Inventories		7,396	7,932
Other assets		600	531
Other financial assets		227	124
TOTAL CURRENT ASSETS		<u>24,045</u>	<u>26,370</u>
NON-CURRENT ASSETS			
Property, plant and equipment		2,711	2,901
TOTAL NON-CURRENT ASSETS		<u>2,711</u>	<u>2,901</u>
TOTAL ASSETS		<u>26,756</u>	<u>29,271</u>
CURRENT LIABILITIES			
Trade and other payables		7,833	9,573
Borrowings		4,444	3,771
Provisions		1,773	1,875
Other liabilities		227	213
TOTAL CURRENT LIABILITIES		<u>14,277</u>	<u>15,432</u>
NON-CURRENT LIABILITIES			
Borrowings		1,182	1,316
Provisions		92	95
TOTAL NON-CURRENT LIABILITIES		<u>1,274</u>	<u>1,411</u>
TOTAL LIABILITIES		<u>15,551</u>	<u>16,843</u>
NET ASSETS		<u>11,205</u>	<u>12,428</u>
EQUITY			
Issued capital	4	23,410	23,410
Reserves	5	531	409
Accumulated losses		(13,099)	(11,773)
Equity attributable to owners of the company		10,842	12,046
Non-controlling interest		363	382
TOTAL EQUITY		<u>11,205</u>	<u>12,428</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 2016

	Issued Capital (Note 4) \$'000	Reserves (Note 5) \$'000	Accumulated Losses \$'000	Attributable to owners of the company \$'000	Non- Controlling Interest \$'000	Total \$'000
Balance at 1 July 2015	22,246	297	(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	-	(113)	(1,263)	(1,376)	18	(1,358)
Issue of share capital	1,164	-	-	1,164	-	1,164
Recognition of share based payments	-	1	-	1	-	1
Payment of distributions	-	-	-	-	(31)	(31)
Balance at 31 December 2015	23,410	185	(11,942)	11,653	320	11,973
Balance at 1 July 2016	23,410	409	(11,773)	12,046	382	12,428
Loss for the period	-	-	(1,326)	(1,326)	15	(1,311)
<i>Other comprehensive income/(loss) net of tax</i>						
Exchange differences arising on translation of foreign operations	-	(16)	-	(16)	-	(16)
Gain on cash flow hedge taken to equity	-	136	-	136	-	136
Total comprehensive income/(loss) for the period	-	120	(1,326)	(1,206)	15	(1,191)
Recognition of share based payments	-	2	-	2	-	2
Payment of distributions	-	-	-	-	(34)	(34)
Balance at 31 December 2016	23,410	531	(13,099)	10,842	363	11,205

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 2016

	Half Year Ended	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	27,924	30,672
Payments to suppliers and employees	(27,695)	(31,356)
Interest received	8	18
Interest and other costs of finance paid	(150)	(146)
Net cash generated by/(used in) operating activities	87	(812)
Cash flows from investing activities		
Payment for property, plant and equipment	(57)	(248)
Proceeds from sale of property, plant and equipment	207	46
Proceeds from sale of investments	-	79
Net cash generated by/(used in) investing activities	150	(123)
Cash flows from financing activities		
Distributions paid to non-controlling interests	(34)	(31)
Proceeds from borrowings	4,218	3,510
Repayment of borrowings	(3,690)	(3,478)
Proceeds from issues of shares of the Company	-	1,224
Payment for share issue costs	-	(60)
Net cash generated by financing activities	494	1,165
Net increase in cash and cash equivalents	731	230
Cash and cash equivalents at the beginning of the period	3,834	5,680
Effects of exchange rate changes on the balance of cash held in foreign currencies	(7)	(9)
Cash and cash equivalents at the end of the period	4,558	5,901

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 2016**

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 Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument 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 2016 annual financial report for the financial year ended 30 June 2016, 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

In the current year, the Group has applied the following amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016, and therefore relevant for the current half-year.

- AASB 2015-1 'Annual Improvements to Australian Accounting Standards 2012-2014 cycle'
- AASB 1057 'Application of Australian Accounting Standards'
- AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and application paragraphs'

Adoption of the above standards had no material impact on the financial statements.

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The impact of these standards has not been assessed yet.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019
AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 9 'Financial Instruments 2014'	1 January 2018	30 June 2019
AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020

NOTE 2: REVENUE AND OTHER INCOME

	Half Year Ended	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000
<i>Sales revenue</i>		
Sale of goods and services	22,351	28,149
<i>Other revenue</i>		
Interest revenue	8	17
Rental income	18	18
Other	2	51
Total other revenue	28	86
<i>Other income</i>		
	109	56
Total revenue and other income	22,488	28,291

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Trade receivables	7,210	9,129
Allowance for doubtful debts	(105)	(88)
	7,105	9,041
Other debtors	470	852
Accrued revenue receivable	3,689	4,056
Total trade and other receivables	11,264	13,949

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

NOTE 4: ISSUED CAPITAL

	Half Year Ended 31 Dec 2016		Half Year Ended 31 Dec 2015	
	No.'000	\$'000	No.'000	\$'000
Fully paid ordinary shares				
Balance at beginning of financial period	124,328	23,410	93,718	22,246
Shares issued (net of issue costs)	-	-	30,610	1,164
Balance at end of financial period	124,328	23,410	124,328	23,410

No ordinary shares were issued during the period (2015: 30,610,426). 1,985,000 unlisted share options over ordinary shares under the Executive Share Option plan were issued during the period (2015: nil).

NOTE 5: RESERVES

	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Share option reserve	257	255
Foreign exchange translation reserve	(171)	(155)
Cash flow hedge reserve	94	(42)
Revaluation reserve	351	351
Total reserves	531	409

NOTE 6: DIVIDENDS

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

NOTE 7: 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.

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 7: SEGMENT INFORMATION (CONTINUED)

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 2016 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 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Power investments	22,484	28,256	(143)	(197)
Property investments	85	85	76	83
Other	(81)	(50)	(81)	(50)
Total revenue and segment profit	22,488	28,291	(148)	(164)
Depreciation and amortisation expense			(146)	(190)
Finance costs			(150)	(145)
Unallocated costs			(867)	(746)
Loss before income tax			(1,311)	(1,245)
Income tax expense			-	-
Consolidated segment loss for the period			(1,311)	(1,245)

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:

	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Continuing operations		
Power investments	24,468	26,800
Property investments	1,964	2,005
Total segment assets	26,432	28,805
Unallocated assets	324	466
Total consolidated assets	26,756	29,271

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

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

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 techniques 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 2016 \$'000	30 Jun 2016 \$'000				
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	227	124				
Liabilities	124	150				

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:

	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Financial assets		
Trade and other receivables	11,264	13,949
Cash and cash equivalents	4,558	3,834
Financial liabilities		
Trade and other payables	7,833	9,573
Borrowings	5,626	5,087

NOTE 9: CONTINGENCIES AND COMMITMENTS

There are no material contingent liabilities or contingent assets at balance date.

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, 27 February 2017

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 2016, and 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 12.

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 gives a true and fair view and 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 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tag Pacific Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Auditor's Independence Declaration


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 2016 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



Alfie Nehama
Partner
Chartered Accountants
Sydney, 27 February 2017