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## ASX ANNOUNCEMENT

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### TAG CONTINUES MAJOR GAINS

**Sydney – 30 August 2007 – Tag Pacific Limited (ASX: TAG) (NZX: TPC)**

The Tag Group has continued to achieve major gains recording a 29% increase in net profit after tax and minority interests to A\$6.6 million in the 2006-2007 financial year. Earnings per share rose 29% to 9.9 cents, lifting the equity attributable to Tag shareholders by 30%.

The key drivers for the strong result were the substantial growth in underlying earnings and gains on listed investments. The Group's efforts in recent years to increase the scope and scale of its investments have been rewarded with Group EBITDA (before head office costs and minority interests) reaching A\$11.7 million. Each sector in which the Group is invested contributed positively to the result, as shown in the table below:

	<b>EBITDA</b>
Technology Sector	A\$5.9 million
Power Products & Renewable Energy Sector	A\$2.8 million
Interior Building Products Sector	A\$3.0 million
<b>Group EBITDA (before minority interests and head office costs)</b>	<b>A\$11.7 million</b>

#### **Business Strategy**

Earlier in the year, Tag released details of its refined business strategy that aims to optimise Tag's assets and capital structure to build value for shareholders.

Tag views its investments on a sector by sector basis and is moving towards the establishment of a number of discrete sector vehicles, with each vehicle having its own investment mandate and strategy for growth.

By grouping like assets together in this way, the value of each vehicle becomes readily ascertainable as all the assets of the vehicle can be valued on a common basis. Further, there is likely to be greater synergy within the vehicle given the complementary nature of the assets.



The Group is actively seeking to acquire further investments in the sectors in which it is currently invested. Additional investments are also being sought in other identified growth sectors to broaden Tag's portfolio.

Whilst the Group currently has relatively low levels of debt and remains well positioned to make further strategic investments, finding appropriately valued opportunities has been challenging in the current economic climate.

An overview of the performance of Tag's existing investment portfolio and asset base for the year is set out below.

### **Power Products & Renewable Energy Sector**

Tag's 57.7% interest in **M+H Power Systems** continued to be a substantial contributor to Tag's earnings during the year. M+H Power has a broad distribution network across Australia, New Zealand and Fiji and has recently added a new line of renewable products to its range. M+H Power's strong solutions capability and its relationship with the Australian Defence Force provide the business with exciting growth opportunities in this sector.

Tag's after tax return on net assets employed in the power products and renewable energy sector was 21% for the year. The investment in M+H Power provides Tag with a solid platform to further its activities in this sector.

### **Technology Sector**

Tag's two investments in the technology sector performed well during the year.

The activities and results for **IBA Health** (ASX: IBA) are publicly available. Tag was one of the founding investors in IBA Health and has participated in its growth and development over the years. Today, IBA Health is the largest health information technology company listed on the ASX with operations in Australia, New Zealand, South East Asia, China, India, the Middle East and Africa.

Movements in the market value of IBA Health shares contributed A\$4.4 million to Tag's result and gains of a further A\$0.9 million were made on the sale of shares and rights. Tag continues to be one of the largest shareholders in IBA Health with its holding of 12.3 million shares.

Tag's investment in **Unique World** provided an increased equity accounted contribution this year. Tag's interest in Unique World rose from 27% to 36% during the year and today stands at 38%.

Tag was an early investor in Unique World and has been actively involved in assisting Unique World develop into an innovative Microsoft-based solutions provider to Australia's leading organisations and government departments.

Tag's after tax return on net asset employed in the technology sector was 44% for the year.



### **Interior Building Products Sector**

Both **Potter Interior Systems** in New Zealand and **Comprador Pacific** in Australia distribute a unique range of building products for commercial interiors. The businesses also assemble a leading range of proprietary whiteboards, pinboards and acoustic panels. Charles Tims, Comprador's assembly division, is an industry leader and has a reputation for high quality products.

Potter Interior Systems (wholly owned) performed well with continued growth in both revenue and earnings during the year. The business has a broad product and customer base and has demonstrated an ability to increase market share and maintain healthy margins notwithstanding a generally softening market in New Zealand.

It is pleasing to report that Comprador Pacific (51% owned) has made a significant contribution to the Group's earnings following disappointing results in recent years. Tag has been actively involved in improving Comprador's management structure and restructuring its relationship with suppliers, resulting in some pleasing advances and reinstatement of lost profitability.

Tag's after tax return on net assets employed in the interior building products sector was 51% for the year.

### **Dividend**

The Directors have maintained last year's increased dividend of 0.75 cents per share. The dividend will be franked to 50% (an increase from 23% last year) and paid on 15 October 2007. The record date for determining entitlements to the dividend is 28 September 2007.

### **On-Market Buy-Back**

On 6 July 2007 the Company advised that it is undertaking an on-market buy-back of up to 5% of its issued shares. To date no shares have been purchased under the on-market buy-back.

**ENDS**

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### **For further information please contact:**

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Nathan Wise  
Company Secretary  
Tag Pacific Limited  
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## Appendix 4E

### Preliminary Final Report to the Australian Securities Exchange

<b>Name of Entity</b>	TAG PACIFIC LIMITED
<b>ACN</b>	009 485 625
<b>Financial Year Ended</b>	30 JUNE 2007
<b>Previous Corresponding Reporting Period</b>	30 JUNE 2006

#### Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
<b>Revenue</b>	\$89,444	5%
<b>Profit after tax attributable to members</b>	\$6,635	29%
<b>Net profit for the period attributable to members</b>	\$6,635	29%
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	0.75 cents	0.375 cents
<b>Previous corresponding period</b>	0.75 cents	0.170 cents
<b>Record date for determining entitlements to the dividends (if any)</b>	28 September 2007	
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		
Refer to the attached release for further detail.		

## Dividends

A dividend of 0.75 cents per share, franked to 23%, was paid to members of Tag Pacific Limited on 16 October 2006.

A dividend of 0.75 cents per share, franked to 50%, is now declared. The record date for determining entitlements to the dividend is 28 September 2007 and the payment date is 15 October 2007. This dividend has not been provided for in the balance sheet at 30 June 2007.

## NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	40.3¢	30.4¢

## Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

Refer attached release.
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## Commentary on the Results for the Period

<p><b>The earnings per security and the nature of any dilution aspects :</b></p>
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<p>Basic earnings per share were 9.9 cents per share. Diluted earnings per share were 9.8 cents per share.</p>
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<p><b>Significant features of operating performance :</b></p>
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<p>Refer attached release.</p>
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<p><b>The results of segments that are significant to an understanding of the business as a whole are detailed in Note 7 in the financial statements which are enclosed as Attachment 1.</b></p>
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<p><b>Discussion of trends in performance :</b></p>
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<p>Refer attached release.</p>
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<p><b>Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:</b></p>
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<p>Refer attached release.</p>
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### Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input checked="" type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>
<b>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</b>			
N/A			
<b>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</b>			
N/A			

### Attachments Forming Part of Appendix 4E

Attachment #	Details
1.	Financial statements

<b>Signed By Chairman</b>	
<b>Print Name</b>	Peter Wise
<b>Date</b>	30 August 2007

**TAG PACIFIC LIMITED AND CONTROLLED  
ENTITIES**  
**Income Statement**  
**For the year ended 30 June 2007**

	Note	Consolidated June 2007 \$'000	June 2006 \$'000
Revenue	<b>2</b>	89,444	85,502
Cost of sales		(56,957)	(56,108)
Employee benefits expense		(14,226)	(12,860)
Depreciation and amortisation	<b>3</b>	(953)	(932)
Finance costs	<b>3</b>	(571)	(466)
Occupancy expense		(1,935)	(1,768)
Other expenses		(6,478)	(7,519)
Share of net profits of associates accounted for using the equity method		282	236
Profit before income tax		8,606	6,085
Income tax expense		(763)	(420)
Profit from continuing operations		7,843	5,665
Profit attributable to minority interest		(1,208)	(540)
Profit attributable to members of the parent entity		6,635	5,125
Basic earnings per share (cents per share)	<b>6</b>	9.9	7.7
Diluted earnings per share (cents per share)	<b>6</b>	9.8	7.7
Dividends per share (cents per share)	<b>4</b>	0.75	0.50

This Income Statement is to be read in conjunction with the accompanying notes.

**TAG PACIFIC LIMITED AND CONTROLLED  
ENTITIES  
Balance Sheet  
As at 30 June 2007**

	Note	Consolidated June 2007 \$'000	June 2006 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	3,681	3,857
Trade and other receivables		14,072	13,015
Inventories		16,329	13,603
Deferred tax assets		1,907	1,737
<b>TOTAL CURRENT ASSETS</b>		<b>35,989</b>	<b>32,212</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets		13,873	10,217
Equity accounted investment		1,707	1,426
Property, plant and equipment		1,790	1,961
Intangible assets		1,905	2,277
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,275</b>	<b>15,881</b>
<b>TOTAL ASSETS</b>		<b>55,264</b>	<b>48,093</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		13,964	16,250
Short-term borrowings		4,177	3,997
Tax liabilities		212	88
Short-term provisions		1,396	1,300
<b>TOTAL CURRENT LIABILITIES</b>		<b>19,749</b>	<b>21,635</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		2,209	730
Long-term provisions		78	89
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,287</b>	<b>819</b>
<b>TOTAL LIABILITIES</b>		<b>22,036</b>	<b>22,454</b>
<b>NET ASSETS</b>		<b>33,228</b>	<b>25,639</b>
<b>EQUITY</b>			
Issued capital		15,741	15,741
Reserves		921	559
Retained earnings		11,300	5,166
<b>Parent Interest</b>		<b>27,962</b>	<b>21,466</b>
<b>Minority interest</b>		<b>5,266</b>	<b>4,173</b>
<b>TOTAL EQUITY</b>		<b>33,228</b>	<b>25,639</b>

This Balance Sheet is to be read in conjunction with the accompanying notes.

**TAG PACIFIC LIMITED AND CONTROLLED  
ENTITIES**

**Statement of Changes in Equity  
For the year ended 30 June 2007**

	Consolidated				Minority interests	Total
	Attributable to equity holders of the parent					
	Issued Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total \$'000	\$'000	\$'000
<b>At 1 July 2006</b>	15,741	5,166	559	21,466	4,173	25,639
Currency translation differences	-	-	299	299	-	299
Share based payments	-	-	63	63	-	63
Profit for year	-	6,635	-	6,635	1,208	7,843
Equity distributions	-	(501)	-	(501)	(115)	(616)
<b>At 30 June 2007</b>	<b>15,741</b>	<b>11,300</b>	<b>921</b>	<b>27,962</b>	<b>5,266</b>	<b>33,228</b>
<b>At 1 July 2005</b>	15,741	525	874	17,140	4,013	21,153
Adjustment on adoption of AASB 132 and AASB 139	-	(101)	-	(101)	(74)	(175)
Currency translation differences	-	-	(315)	(315)	-	(315)
Profit for year	-	5,125	-	5,125	540	5,665
Equity distributions	-	(334)	-	(334)	(306)	(640)
Allocation of deferred tax benefit	-	(49)	-	(49)	-	(49)
<b>At 30 June 2006</b>	<b>15,741</b>	<b>5,166</b>	<b>559</b>	<b>21,466</b>	<b>4,173</b>	<b>25,639</b>

This Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**TAG PACIFIC LIMITED AND CONTROLLED ENTITIES**  
**Cash Flow Statement**  
**For the year ended 30 June 2007**

	Note	Consolidated June 2007 \$'000	June 2006 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		93,578	88,402
Payments to suppliers and employees		(92,867)	(85,680)
Dividends received		247	152
Interest received		152	150
Proceeds from sale of fair value financial assets		1,661	-
Income tax paid		(711)	(1,028)
Finance costs paid		(546)	(435)
<b>Net cash provided by operating activities</b>	<b>8</b>	<b>1,514</b>	<b>1,561</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		62	6
Proceeds from sale of investments		-	139
Payment of deferred acquisition costs		(2,400)	-
Purchase of investments		-	(160)
Payments for subsidiary – net of cash acquired		-	(1,114)
Purchase of property, plant and equipment		(301)	(669)
<b>Net cash used in investing activities</b>		<b>(2,639)</b>	<b>(1,798)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(971)	(162)
Dividends paid by controlled entities to outside equity interests		(115)	(113)
Proceeds from borrowings		2,400	31
Dividend paid		(501)	(334)
<b>Net cash provided by (used in) financing activities</b>		<b>813</b>	<b>(578)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(312)</b>	<b>(815)</b>
Cash at the beginning of the financial year		3,857	4,757
Effect of exchange rates on cash holdings in foreign currencies		136	(85)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5</b>	<b>3,681</b>	<b>3,857</b>

This Cash Flow Statement is to be read in conjunction with the accompanying notes.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

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**NOTE 1: BASIS OF PREPARATION**

The preliminary final report of Tag Pacific Limited and its controlled entities for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of directors on 30 August 2007.

Tag Pacific Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The preliminary final report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the Group as the full financial report.

**Basis of accounting**

The preliminary final report has been prepared on a historical cost basis, except for financial assets at fair value through profit or loss that have been measured at fair value. All amounts are presented in Australian dollars, unless otherwise stated.

Unless otherwise detailed in this note accounting policies have been consistently applied by the entities in the Group and are consistent with those applied in the 30 June 2006 annual report.

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	<b>Consolidated</b>	
	<b>June</b>	<b>June</b>
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>

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**NOTE 2: REVENUE**

**Sales revenue:**

- sale of goods & services	82,619	80,453
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**Other revenue:**

- interest from other corporations	152	150
- other revenue	1,356	213

Total other revenue	1,508	363
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**Other income:**

- Fair value gains	4,406	4,614
- Gains on disposal of investments	911	72

Total other income	5,317	4,686
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Total revenue	89,444	85,502
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**Consolidated**  
**June**      **June**  
**2007**      **2006**  
**\$'000**      **\$'000**

**NOTE 3: PROFIT FOR THE YEAR**

The profit before income tax has been determined after:

**Expenses**

Finance costs

- other persons	546	449	
- finance lease charges	25	17	

Total finance costs	571	466	
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Depreciation of non-current assets

- plant & equipment	395	463	
- capitalised leased assets	111	87	

Total depreciation	506	550	
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Amortisation of non-current assets

- leasehold improvements	13	7	
- other intangibles	434	375	

Total amortisation	447	382	
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Bad and doubtful debts

- movement in provision	141	132	
- bad debts written off	108	147	

Net bad and doubtful debt expense	249	279	
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Operating lease rentals	1,901	1,664	
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Loss/(gain) on sale of property, plant and equipment	27	(3)	
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**NOTE 4: DIVIDENDS PAID**

Final dividend of 0.75 cents per share franked to 23% (2006: Final dividend of 0.50 cents per share franked to 40%)	501	334	
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Balance of franking account at year end	42	23	
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**NOTE 5: CASH & CASH EQUIVALENTS**

Cash at bank and on hand	3,183	3,179	
Short-term bank deposits	498	678	

	3,681	3,857	
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>Consolidated</b>	
	<b>June 2007</b>	<b>June 2006</b>
	<b>\$'000</b>	<b>\$'000</b>

**NOTE 6: EARNINGS PER SHARE**

Reconciliation of earnings to net profit		
Net profit	7,843	5,665
Net profit attributable to minority interest	(1,208)	(540)
	6,635	5,125

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share: 66,804,745 (2006: 66,804,745) and diluted earnings per share 67,754,745 (2006: 66,804,745).

**NOTE 7: SEGMENTAL INFORMATION**

	<b>BUILDING PRODUCTS</b>		<b>POWER PRODUCTS</b>		<b>INVESTMENT</b>		<b>TAG GROUP</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>PRIMARY REPORTING - BUSINESS SEGMENTS</b>								
<b>Revenue</b>								
External revenue	45,869	44,293	37,900	36,306	5,675	4,903	89,444	85,502
Share of net profits of equity accounted associates					282	236	282	236
Total revenue	45,869	44,293	37,900	36,306	5,957	5,139	89,726	85,738
<b>Result</b>								
Segment result	2,288	(415)	2,425	3,238	5,957	5,139	10,670	7,962
Unallocated expenses							(2,064)	(1,877)
Profit before income tax	2,288	(415)	2,425	3,238	5,957	5,139	8,606	6,085
Income tax							(763)	(420)
Profit after income tax	2,288	(415)	2,425	3,238	5,957	5,139	7,843	5,665

	<b>AUSTRALIA</b>		<b>NEW ZEALAND</b>		<b>TAG GROUP</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>SECONDARY REPORTING - GEOGRAPHIC SEGMENTS</b>						
Segment revenues	63,491	61,111	26,235	24,627	89,726	85,738
Segment assets	45,924	39,288	9,340	8,805	55,264	48,093
Acquisition of non-current assets	198	1,585	152	86	350	1,671

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

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	<b>Consolidated</b>	
	<b>June</b>	<b>June</b>
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>

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**NOTE 8: CASH FLOW INFORMATION**

**Reconciliation of cash flow from the operating activities with profit after income tax**

Profit from operating activities after income tax	7,843	5,665
Non-cash flows		
- amortisation	447	382
- depreciation	506	550
- charges to provisions	50	21
- share based payments	63	-
- share of associated companies operating profit after income tax	(282)	(236)
- non-cash expenses	(51)	-
(Gain) on sale of property, plant and equipment	(2)	(3)
Loss on sale of property, plant and equipment	29	-
Fair value gains on financial assets	(4,406)	(4,685)
Fair value gains on financial assets realised on sale	750	-
Changes in assets and liabilities		
- (increase) in receivables	(1,197)	(1,061)
- (increase) in inventories	(2,550)	(207)
- increase in trade creditors & accruals	360	1,411
- income tax payable	(46)	(276)
Cash flow provided by operating activities	1,514	1,561
<b>Unused credit facilities</b>		
Arrangements with banks to provide stand-by funds and/or support facilities	9,006	8,838
Amounts utilised at year end	6,325	4,191
Net available at year end	2,681	4,647

**Bank Overdrafts and Loans**

Bank overdraft and loan facilities are arranged with a number of Australian and New Zealand banks with the general terms and conditions being set and agreed to annually.

Interest rates are variable and subject to adjustment.

**Non-cash financing and investment activities**

During the year the economic entity acquired plant and equipment with an aggregate value of \$188,238 (2006:\$120,439) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

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**NOTE 9: INVESTMENTS IN ASSOCIATES**

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity. Information in relation to the associates is set out below:

<b>Unlisted entity</b>	<b>Ownership interest</b>	<b>2007 share of associates profits</b>	<b>2006 share of associates profits</b>	<b>Movement %</b>
Unique World Group Pty Ltd	36.06%	\$281,626	\$235,532	20% Up

Electro Securities Pty Ltd holds a 48.92% interest in the units of the Power Property Unit Trust, which owns the property occupied by M+H Power Systems Pty Ltd in Melbourne. All profits of the Power Property Unit Trust are distributed to unit holders and accordingly Electro Securities Pty Ltd does not equity account these interests.

Tagpac Securities Ltd holds a 36.06% interest in Unique World Group Pty Ltd (2006: 26.77%). During the year ended 30 June 2007 Tagpac Securities Ltd increased its interest from 26.77% to 36.06% due to the Unique World Group Pty Ltd undertaking two share buy-backs during the year. Tagpac Securities Ltd did not incur any costs in order to increase its interest during the year.

Subsequent to 30 June 2007 Unique World Group Pty Ltd undertook a further share buy-back and Tagpac Securities Ltd's relevant interest increased from 36.06% to 38.02%.