



ASX ANNOUNCEMENT

TAG PACIFIC TO SELL BUSINESSES TO CSR

Sydney – 22 April 2010 – Tag Pacific Limited (ASX: TAG, NZX: TPC) announced today that its subsidiaries Potter Interior Systems and Comprador Pacific have reached agreement to sell their respective businesses to CSR Building Products in a deal that will see the Tag Group exit fully from its investments in the interior building products sector.

The parallel transactions place a headline enterprise value of approximately A\$8 million on the businesses before the repayment of bank debt. Tag expects the transactions to realise an after tax gain of approximately A\$1 million over and above the 31 December 2009 carrying value of its investments, subject to any post completion adjustments and after allowing for the interest of a minority shareholder.

The sale to CSR Building Products is subject to a number of conditions precedent that are common in transactions of this kind.

Potter Interior Systems is 100% owned and is a specialist in the interior building products sector in New Zealand. Comprador Pacific, which is 51% owned, operates primarily in the commercial ceilings market in Australia and incorporates the Charles Tims business. Although there are similarities between the companies, each company has operated independently of the other due to the different shareholding structure of each subsidiary.

Tag will cease to consolidate the business activities of Potter Interior Systems and Comprador Pacific following completion which is anticipated in coming weeks. The cash proceeds from the transactions will strengthen Tag's cash reserves and will support the drive for future investment activity.

Commenting on the sale, Tag Pacific Chairman, Mr Peter Wise, said that the Tag Group had for some time been endeavouring to grow its investments in the interior building products sector, but had encountered a number of obstacles, including constraints around supply arrangements. "We have proactively worked on a number of alternatives in recent years and these have included acquisitions, mergers, alliances and other expansionary moves," Mr Wise said. "However we have concluded that in light of the mature nature of this sector and the generally more difficult commercial construction



environment, others are in a better position to extract value from these businesses. The sale of our investments in this sector will enable Tag to reinvest in other areas where the growth prospects are more likely to suit our investment parameters.”

In the half year to 31 December 2009, the Tag Group reported a reduced EBITDA contribution from its investments in Potter Interior Systems and Comprador Pacific. In its half year review Tag said, “From a Tag Group perspective the overall investment in the interior building products sector has fallen short of desired investment returns in more recent times. The contribution level, whilst positive, is lower than those enjoyed in the past and this is the subject of continuing review.”

The sale of both businesses in parallel transactions to CSR Building Products is an elegant outcome for the Tag Group as it gives the Potter Interior Systems and Comprador Pacific businesses the opportunity to prosper and develop within a larger organisation that is directly aligned to the construction industry and where synergies will be more evident than under continued Tag Group control. At the same time it frees up the Tag Group’s resources and balance sheet, allowing the Group to focus on areas with greater growth potential which are more closely aligned to the Group’s philosophy as a strategic investor.

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