



ASX ANNOUNCEMENT

MARKET UPDATE

Sydney – 17 May 2011 – Tag Pacific Limited (ASX: TAG, NZX: TPC)

- **MPower performance accelerates significantly with continued positive momentum expected in 4Q 2011**
- **iSoft takeover offer expected to reverse first half loss**
- **Unique World growth continues**

The Tag Pacific Group's half year result released on 25 February 2011 recorded a significantly stronger underlying trading result than in the prior corresponding period, with revenue from continuing operations up 65% from A\$22.4 million to A\$36.9 million for the half year to 31 December 2010. Notwithstanding this, the company reported a net loss after tax and minorities of A\$0.142 million for the half year principally due to a negative fair value movement of A\$1.05 million in relation to its investment in iSoft Group Limited.

Since that result was reported, a number of positive factors as detailed below have contributed to significantly stronger year to date results. The company believes this will be reflected in a stronger second half result for FY2011.

Power investments

The MPower Group generated an aggregated EBITDA of A\$2.95 million for the first half of FY2011 on revenue of approximately A\$36.8 million. MPower, 60% owned by Tag, has experienced continued positive momentum from the renewable energy and mining services sectors in which the business operates. MPower's performance has accelerated to outpace all previous records with revenue for the first nine months of FY2011 in excess of A\$65 million (a 67% increase on the prior corresponding period) and unaudited EBITDA increasing to A\$5.5 million. This follows an exceptionally strong 3Q 2011 result with the likelihood of continuing strength in 4Q 2011.



The table below details the comparative results for the MPower Group.

A\$ million	12 months to 30 June 2009 (audited)	12 months to 30 June 2010 (audited)	9 months to 31 March 2010 (unaudited)	9 months to 31 March 2011 (unaudited)
Revenue	47.2	56.6	39.2	65.4
EBITDA	2.7	3.8	2.5	5.5

The recent accelerated growth has been generated by a number of divisions across the diversified MPower Group. The activities of M+H Power Systems in Australia, New Zealand and the Pacific Islands have grown substantially, led by increased activity in the distribution of solar power componentry and related equipment. Since the successful acquisition of Solaris Technology in November 2010, revenue and operating profit from the design, construction and integration of solar systems has experienced exponential growth. This growth has been supported by the ability of Solaris Technology to leverage the existing MPower Group network, confirming synergies considered at the time of acquisition. Advanced Power is on track with its A\$32 million Gorgon contract which is contributing significantly to the FY2011 result.

Looking forward, the prospect list for sophisticated power solutions in the oil and gas industries and for cogeneration and trigeneration power systems continues to grow. These prospects leverage the MPower Group's key capabilities in the design, construction, commissioning and maintenance of turnkey power systems. While the outlook for solar power remains positive, MPower is taking prudent measures to manage exchange rate variations, competitive pressures and the uncertainty surrounding the nature of government incentives.

Technology investments

Tag's investment in iSoft Group Limited (ASX: ISF) generated a A\$1.05 million fair value loss to Group EBITDA in the first half of FY2011 that has been substantially reversed following a proposal from CSC to acquire 100% of iSoft at A\$0.17 per share. Should this proposal proceed on its current terms, it will enable Tag to realise its entire iSoft investment at approximately the carrying value of the investment at 30 June 2010, increasing Tag cash reserves by approximately A\$1.8 million.

The value of Tag's 38% interest in the Unique World Group continues to improve primarily due to the consultancy business's success in delivering major projects for its top tier clients. The year to date Unique World result for FY2011 is significantly stronger than the prior corresponding period and this trend is expected to continue for the remainder of FY2011. RecordPoint's proprietary software, which forms part of the Unique World Group, continues to make steady progress.



Summary

In summary, Tag's investments in the power sector are performing extremely well with continued strong performance expected in 4Q 2011. MPower Group's contribution to Tag's result is expected to be well in excess of the previous year. There is also the likelihood of a crystallisation of the iSoft investment in the coming months and solid advances continue to be made at Unique World Group.

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For further information please contact:

Peter Wise
Chairman
Tag Pacific Limited
T: +61 2 8275 6000

Nathan Wise
Head of Corporate Development
Tag Pacific Limited
T: +61 2 8275 6000

www.tagpac.com