

annual report 2002

tag pacific limited

acn 009 485 625



notice of annual general meeting

Tag Pacific Limited A.C.N. 009 485 625

NOTICE is hereby given that the Annual General Meeting of Tag Pacific Limited will be held at The Wentworth Sydney Hotel, 61 Phillip Street, Sydney NSW 2000 on Tuesday 19th November, 2002 at 10.00a.m.

ordinary business

1. To receive, consider and adopt the financial report of the company and of the Tag Group for the year ended 30th June 2002 and the reports by directors and auditors thereon.
2. To elect directors;
Mr GM Cohen and Dr GH Weiss retire by rotation in accordance with the provisions of the constitution and, being eligible, offer themselves for re-election.
3. To transact any business which may be lawfully brought forward.

By order of the Board

DJ Henderson
Secretary

30th September 2002

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the Company, but should be a natural person over the age of 18 years. Forms must be lodged at the registered office of the Company not less than 48 hours before the timing of the meeting.

Corporate shareholders will be required to complete a "Certificate of Appointment of Representative" to enable a person to attend on their behalf. A form of this certificate may be obtained from the Company's share registry.

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chairman's report

Tag Pacific Limited has reported a loss of A\$1.199m before tax and minority interests for the year ended 30 June 2002, however the results are more meaningful when analysed in the following way:

1. The results and performance of subsidiary and associated companies and other income sources contributed a profit of A\$1.005m to the result.
2. A provision of A\$1.246m was made against the carrying value of the investment in IBA Health Limited.
3. Unallocated group operating costs amounted to A\$0.958m.

Although the reported Tag Group revenue of A\$26.091m was down on the revenue of A\$27.568m for the previous comparative period, this reduction arose primarily because of the Tag Group's disposal in the prior period of certain New Zealand activities. Group sales of consolidated companies were in fact marginally ahead of the previous year when adjusted for these disposals; and sales of equity accounted associates recorded pleasing gains.

The activities of both Comprador Pacific Pty Limited in Australia and Potter Interior Systems Limited in New Zealand were not particularly buoyant, with a tightening of margins and liquidity delivering a somewhat less than satisfactory result. Some of the margin pressure was caused by currency factors which have since abated, however the month to month fluctuations in the interior componentry sector of the building industry on both sides of the Tasman has made forecasting a difficult task.

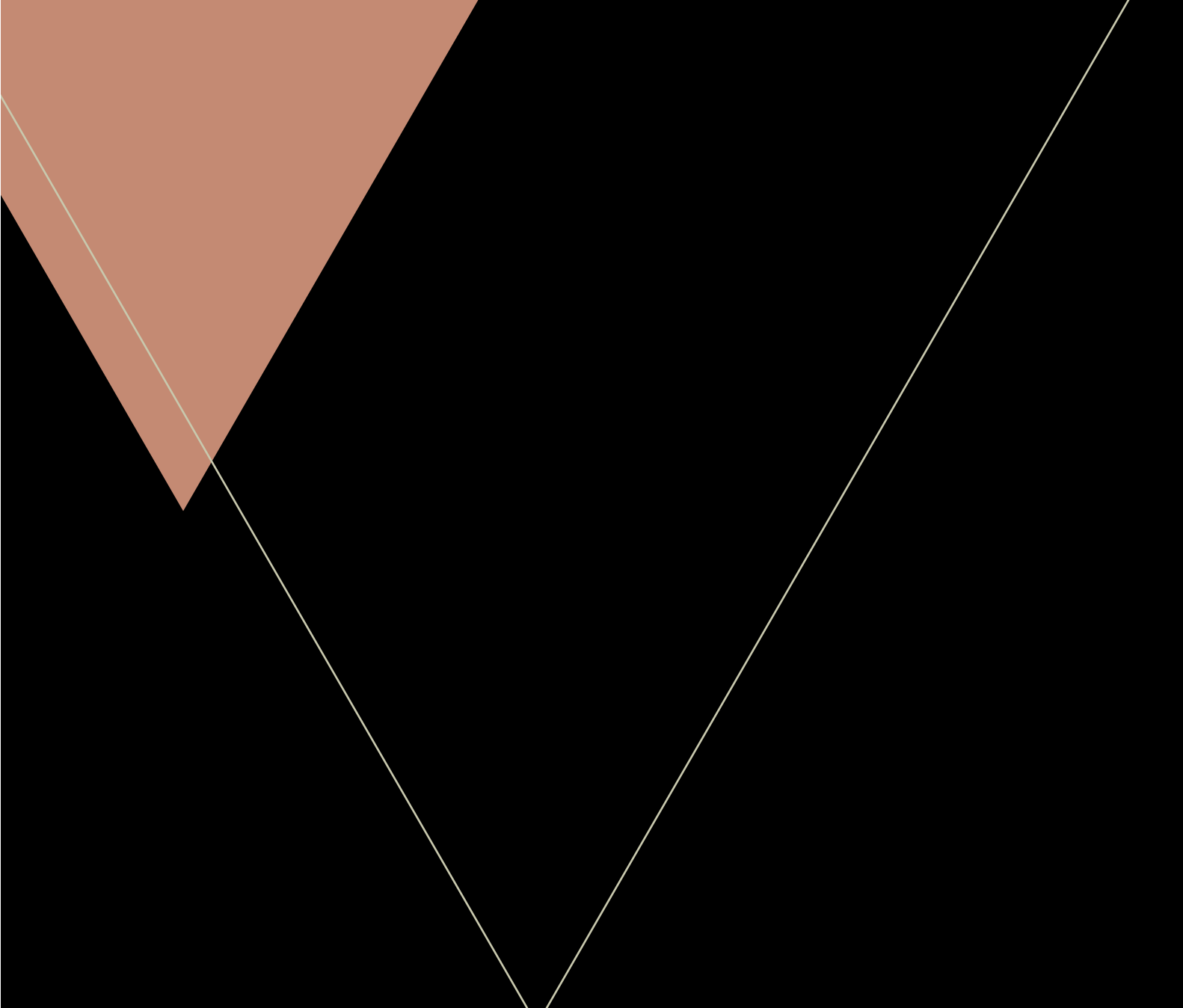
The purchase of the Tecoa business by Comprador during 2001 has had the desired effect of broadening that company's product offering in Australia and aligning it more closely with its sister company in New Zealand. Tecoa is generating additional sales but more slowly than expected, with anticipated benefit still to be realised. Steps taken by Comprador to consolidate its base in Brisbane have been all but completed and the introduction of new gypsum products has been budgeted for the 2003 financial year. Some mineral fibre ceiling products, which are sourced primarily from the USA and Europe, did not fare as well as in the past because of international pricing pressures.

These pricing pressures also affected the performance of Potter Interior Systems, however Potters did make advances in its educational division and in the sales of some wall and insulation products.

A number of proposals were considered during the year in an endeavour to substantially expand in the interior products sector. However, we have been somewhat frustrated by our inability to effect the horizontal and vertical expansion we sought. Notwithstanding this delay, we are pursuing other avenues in an effort to achieve our aim.

The activities of M+H Power Systems Pty Limited continued to expand and made good progress. It should be noted that as the M+H group is equity accounted and not consolidated, sales are not included in the Tag Group revenue figure.

we are committed
to intelligently
developing our
business portfolio
for medium
term outcomes



g r o w t h c o m e s f r o m
d i s c i p l i n e d a n d
o u t w a r d l o o k i n g
i n v e s t m e n t s t r a t e g i e s



c h a i r m a n ' s r e p o r t

In late 2001 M+H acquired the Emergency Exit Lighting business known as “Bardic”, a long term supplier of exit lighting which holds a pre-eminent market position in both Australia and New Zealand. Benefits from this acquisition began to materialise towards the end of the financial year and the broadened product offering and range of services has been a welcome addition. The sluggish first half in New Zealand gave way to an improved second half and in general terms, M+H finds itself well positioned in its niche market with organic growth opportunities and the possibility of further expansion by acquisition.

The affairs of IBA Health Limited, in which the Tag Group has a substantial interest, are a matter of public record (ASX code: IBA). At this stage, the investment can best be described as “disappointing but holding promise” and we look forward to future gains as IBA continues in its endeavour to become an international supplier of healthcare information systems and e-health services to hospitals, community and primary care organisations. Meanwhile, the market price of IBA is languishing and in order to reflect this, a further provision of A\$1.246m has been made against this investment, bringing the carrying value at balance date to A\$1.867m (A\$0.15 per share).

Chaos Group Limited is also a public listed company (ASX: CHS). During the period under review, no adjustment was made to the Tag Group’s carrying value of A\$0.158m (approximately A\$0.08 per share).

Tag also has an interest in the Unique World Group. The business model followed by Unique World is built on the assumption that the management of internet related assets for business is not inherently a do-it-yourself proposition and that companies are better served by contracting Unique World to undertake and manage their internet technology solutions. This philosophy appears to be gaining favour, with Unique World now enhancing its range of services, whilst at the same time improving the calibre of its clients.

Tag is a relatively small organisation, but its interests traverse a number of industries that fall into a variety of ownership categories; and which are geographically spread. As such, the Board believes that it is timely to present an informal analysis of the net asset position so that shareholders may view the company’s investment spread in simplified form.



chairman's report

simplified analysis of net assets at 30 june 2002

	(A\$m)	
Cash	4.926	40.0%
Comprador & Potter Group ¹	2.434	19.7%
M+H Power Group	1.969	16.0%
IBA Health	1.867	15.1%
Chaos Group	0.158	1.3%
Unique World	0.515	4.2%
Other ²	0.461	3.7%
Shareholders' Net Assets	12.330	100.0%
Outside Equity Interests	1.110	
Group Net Assets	13.440	

1 Net of outside equity interests and cash.

2 Net of liabilities.

As can be seen, the Tag Group is in a strong and liquid position. With 40% of Shareholders' Net Assets in cash and with a spread of income producing investments and as yet non-income producing equity positions, the company's continuing challenge is to increase the scale and scope of its activities and thus defray centralised group overheads and administration costs over a larger base. The company is therefore continuing to seek out new investment opportunities both within its existing fields of endeavour and on broader horizons.

For and on behalf of the Board
Tag Pacific Limited

Peter Wise
Chairman

30th September 2002

further information on companies in which the tag group has invested is available by accessing the following internet addresses:

comprador pacific pty limited
www.comprador.com.au

potter interior systems limited
www.potters.co.nz

m+h power systems pty limited
www.mhpower.com.au

unique world pty limited
www.uniqueworld.net

iba technologies limited
www.iba.com.au

chaosgroup limited
www.chaosgroup.com.au



corporate governance statement

The board of directors of Tag Pacific Limited comprises the Chairman (executive) Mr PH Wise, and five non-executive directors being Messrs GM Cohen, RT Constable, RB Moran, RD Peterson and Dr GH Weiss.

The criteria for board membership and the selection of appropriate members of the board is determined by the board itself. Election and rotation of directors is governed by the company's Constitution. Shareholder approval is sought where appropriate. In determining the appointment and retirement of non-executive directors, a balance between executive and non-executive directors and a cross section of skills and experience is sought.

Directors have the right to seek independent professional advice if required in the furtherance of their duties. Any such advice may be at the company's expense, subject to prior approval of the board.

The remuneration and terms and conditions of employment for the Chairman (executive) and senior executives is reviewed and approved by the remuneration committee which seeks independent professional advice where appropriate. The remuneration committee sets and monitors employment terms and conditions. The remuneration committee comprises Messrs RT Constable and GM Cohen. Remuneration for non-executive directors is determined by the full board and is subject to shareholder approval.

The board meets regularly to review risks associated with each entity in the group; to implement procedures to manage such risks; and to develop policies regarding the establishment and maintenance of appropriate ethical standards.

The board's specific role in this regard is to:

- ensure compliance with legal, statutory, and ethical matters;
- monitor the business environment;
- identify business risk areas;
- identify business opportunities;
- monitor systems established to ensure prompt and appropriate responses to shareholder enquiries and complaints.

The Company's policy regarding directors and employees trading in its securities, is set by the board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

At the date of this report Tag Pacific Limited had an Audit Committee comprising Mr RT Constable and Dr GH Weiss.

The audit committee's responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the financial reporting process;
- nominate external auditors;
- review the existing external audit arrangements.



directors' report

The directors present their report on the company (Tag Parent) and its controlled entities (Tag Group) for the financial year ended 30 June, 2002. The Chairman's Report (pages 1-2) contains a review of the operations of the Tag Group during the financial year and the results of those operations and details of significant changes in the Tag Group. The Chairman's Report is incorporated into and forms part of this Directors' Report.

directors

The names of directors in office at any time during or since the end of the year are Messrs PH Wise, GM Cohen, RT Constable, RB Moran, RD Peterson, and GH Weiss.

principal activities

The principal activities of the Tag Group in the course of the financial year were investing in:

- marketing and distributing componentry for commercial interiors;
- manufacturing, marketing and distributing power electronics and battery products;
- healthcare information systems;
- provision of e-commerce solutions.

operating results

The consolidated loss after providing for income tax and eliminating outside equity interests amounted to A\$1,172,780.

dividend paid or recommended

No dividends have been paid or declared. The directors are not recommending the payment of a dividend in respect of the year ended 30 June 2002.

significant changes in state of affairs:

No significant changes in the state of affairs of the Tag Parent occurred during the financial year.

after balance date events

Other than matters referred to in the Chairman's Report, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

future developments

Future developments in the operations of the Tag Group and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Tag Group.

environmental issues

The economic entity's operations are subject to environmental regulations under the laws of the Australian Commonwealth and States as well as New Zealand law.



directors' report

The economic entity has operated within these laws and there are no issues to be reported on.

information on directors

Directors in office at the date of this report are:

Peter H Wise	- Chairman (executive)
Qualifications	- Dip ID
Experience	- Appointed Chairman and board member 1986. Director of IBA Health Limited and Unique World Pty Limited and Chairman of other subsidiaries and associates within the Tag Group.
Interest in shares	- Through family interests has a controlling interest in Anthony Australia Pty Limited which controls 26,131,706 ordinary shares in Tag Pacific Limited.
Gary M Cohen	- Director (non-executive)
Qualifications	- B Comm, LLM (Hons)
Experience	- Appointed board member 1999. Chairman of IBA Health Limited. Formerly a principal of Allco Finance Group and was a senior legal partner of Rosenblum and Partners.
Interest in shares	- Holds a relevant interest in 14,572,606 ordinary shares in Tag Pacific Limited.
Special Responsibilities	- Mr. Cohen is a member of the Remuneration Committee
Robert T Constable	- Director (non-executive)
Qualifications	- MA (Cantab.)
Experience	- Appointed board member 1986. Former positions include secretary of the Beecham Group, director of Sime Darby Holdings Limited, and deputy chief executive of Bousteadco Singapore Limited.
Interest in shares	- 200,000 ordinary shares of Tag Pacific Limited held non-beneficially.
Special Responsibilities	- Mr. Constable is the Chairman of the Audit Committee and a member of the Remuneration Committee.
Robert B Moran	- Director (non-executive)
Qualifications	- BEc LLB (Hons)
Experience	- Appointed board member 2001. Director of the Investment Banking Group of Allco Finance Group. Prior to joining Allco practised as a corporate and commercial lawyer for 12 years.
Interest in Shares	- 20,000 ordinary shares of Tag Pacific Limited held beneficially.



directors' report

information on directors continued

Richard D Peterson	- Director (non-executive)
Qualifications	- LLM, FAMINZ
Experience	- Appointed board member 1986. Barrister and Solicitor of The High Court of New Zealand and a partner in Harkness & Peterson.
Interest in shares	- 1,136,750 ordinary shares of Tag Pacific Limited held non-beneficially.
Gary H Weiss	- Director (non-executive)
Qualifications	- LLM (NZ), JSD (Cornell)
Experience	- Appointed board member 1988. Chairman of Joe White Maltings Limited, MEM Group Limited, and Ariadne Australia Limited, executive director of Guinness Peat Group plc and is a director of several other public companies.
Interest in shares	- 250,000 ordinary shares of Tag Pacific Limited held non-beneficially.
Special Responsibilities	- Dr. Weiss is a member of the Audit Committee.

meetings of directors

During the financial year 14 meetings of directors (including committees of directors) were held. The number of meetings attended by each director during the year is stated in this report.

The all inclusive emoluments paid or payable to each director of the Tag Parent are as follows:

	A\$
PH Wise	270,000
GM Cohen	12,000
RT Constable	12,000
RB Moran	12,000
RD Peterson	12,000
GH Weiss	12,000

directors' and executive emoluments

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is detailed under the corporate governance statement.

The all inclusive emolument paid to the executive of the Tag Group not mentioned above is as follows:

DJ Henderson	172,000
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directors' report

directors & committee meetings

During the financial year, 14 meetings of directors (including committees) were held. Attendances were:

	Board		Audit		Remuneration	
	A	B	A	B	A	B
PH Wise	11	11				
GM Cohen	11	11			1	1
RT Constable	11	10	2	2	1	1
RB Moran	11	10				
RD Peterson	11	11				
GH Weiss	11	5	2	2		

A - Eligible Meetings Held

B - Meetings Attended

indemnifying officers or auditor

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was AS\$2,609 for each director.

proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.

P.H. Wise
Chairman

Dated this 30th day of September, 2002

statement of financial performance

for the year ended 30 June 2002

	Note	Tag Group		Tag Parent	
		2002 A\$	2001 A\$	2002 A\$	2001 A\$
Revenues from ordinary activities	2	26,091,154	27,554,435	465,671	1,037,449
Cost of sales		(19,320,075)	(19,809,159)	-	-
Employee benefits expense		(3,570,889)	(3,337,503)	(495,239)	(501,721)
Depreciation and amortisation		(260,823)	(438,203)	(11,238)	(14,294)
Borrowing cost expense	3	(162,493)	(153,306)	-	-
Occupancy expense		(662,225)	(645,552)	-	-
Other expenses from ordinary activities		(2,362,475)	(2,700,012)	(451,236)	(524,837)
Provision for diminution in carrying value of investments	3	(1,245,558)	(4,605,537)	-	-
Provision for non-recoverability of loans		-	-	(2,710,872)	-
Share of net profits of associates accounted for using the equity method	11	294,656	150,945	-	-
(Loss) from ordinary activities before income tax	3	(1,198,728)	(3,983,892)	(3,202,914)	(3,403)
Income tax relating to ordinary activities	4	107,636	(94,764)	181,237	(22,754)
(Loss) from ordinary activities after related income tax		(1,091,092)	(4,078,656)	(3,021,677)	(26,157)
Net profit attributable to outside equity interest		(81,688)	(191,447)	-	-
Net (loss) attributable to members of the parent entity		(1,172,780)	(4,270,103)	(3,021,677)	(26,157)
Foreign currency translation (loss) on disposal of a self-sustaining foreign subsidiary		(74,424)	-	(74,424)	-
Adjustment of capital reserve on disposal of a self-sustaining foreign subsidiary	18	(236,540)	-	-	-
Net exchange difference on translation of financial reports of self-sustaining foreign operations	18	599,601	36,617	-	-
Total revenues, expenses and valuation adjustments attributed to members of the parent entity and recognised directly in equity		288,637	36,617	(74,424)	-
Total changes in equity other than those resulting from transactions with owners as owners		(884,143)	(4,233,486)	(3,096,101)	(26,157)
Basic earnings per share	27	(1.8c)	(6.5c)		
Diluted earnings per share	27	(1.8c)	(6.5c)		

The accompanying notes form part of these financial statements.

statement of financial position

as at 30 June 2002

	Note	Tag Group		Tag Parent	
		2002 A\$	2001 A\$	2002 A\$	2001 A\$
Current assets					
Cash assets	6	4,925,744	4,406,733	4,591,339	2,648,505
Receivables	7	4,970,037	4,920,264	4,344,236	10,398,339
Inventories	8	5,392,057	5,175,324	-	-
Tax assets	9	414,798	264,833	252,936	71,699
Total current assets		15,702,636	14,767,154	9,188,511	13,118,543
Non-current assets					
Other financial assets	10	2,589,729	3,801,808	3,275,870	2,409,019
Equity accounted investments	11	1,968,831	1,674,175	-	-
Property, plant & equipment	12	1,556,298	1,599,073	17,358	21,808
Intangible assets	13	52,727	99,960	-	-
Total non-current assets		6,167,585	7,175,016	3,293,228	2,430,827
Total assets		21,870,221	21,942,170	12,481,739	15,549,370
Current liabilities					
Payables	14	4,729,720	4,679,745	147,000	111,127
Interest-bearing liabilities	15	1,972,426	1,891,342	1,053	6,316
Provisions	16	245,995	227,018	-	1,087
Total current liabilities		6,948,141	6,798,105	148,053	118,530
Non-current liabilities					
Interest-bearing liabilities	15	1,458,460	638,289	-	1,053
Provisions	16	23,556	15,954	-	-
Total non-current liabilities		1,482,016	654,243	-	1,053
Total liabilities		8,430,157	7,452,348	148,053	119,583
Net assets		13,440,064	14,489,822	12,333,686	15,429,787
Equity					
Contributed equity	17	15,443,061	15,443,061	15,443,061	15,443,061
Reserves	18	708,622	345,561	-	-
(Accumulated losses)	19	(3,821,823)	(2,574,619)	(3,109,375)	(13,274)
Tag parent interest		12,329,860	13,214,003	12,333,686	15,429,787
Outside equity interest	20	1,110,204	1,275,819	-	-
Total equity		13,440,064	14,489,822	12,333,686	15,429,787

The accompanying notes form part of these financial statements.

statement of cash flows

for the year ended 30 June 2002

	Note	Tag Group		Tag Parent	
		2002 A\$	2001 A\$	2002 A\$	2001 A\$
Cash flows from operating activities					
Receipts from customers		29,423,973	31,423,698	3,016,140	216,113
Payments to suppliers & employees		(29,480,387)	(31,492,779)	(1,174,436)	(1,262,213)
Dividends received		176	-	-	-
Dividends received - associates		-	30,908	-	-
Interest received		211,446	279,466	107,918	199,751
Income tax refund		-	7,774	-	7,654
Borrowing costs		(162,493)	(153,306)	-	-
Net cash (used in)/provided by operating activities	28	(7,285)	95,761	1,949,622	(838,695)
Cash flows from investing activities					
Proceeds from sale of plant & equipment		35,907	200,895	728	-
Payment for investments		(14,621)	(1,094,970)	-	(301,800)
Payment for property, plant & equipment		(90,527)	(277,492)	(7,516)	(520)
Proceeds from sale of subsidiary	28	-	130,668	-	-
Net cash (used in) investing activities		(69,241)	(1,040,899)	(6,788)	(302,320)
Cash flows from financing activities					
Proceeds from borrowings		822,816	1,100,000	-	-
Repayment of borrowings		(96,789)	(703,902)	-	-
Distribution to outside equity interests		(245,000)	(100,467)	-	-
Dividend paid		-	(393,959)	-	(393,959)
Net cash provided by/(used in) financing activities		481,027	(98,328)	-	(393,959)
Net increase/(decrease) in cash held		404,501	(1,043,466)	1,942,834	(1,534,974)
Cash at beginning of year		4,377,429	5,395,588	2,648,505	4,183,479
Effects of exchange rate on cash holdings in foreign currencies		143,814	25,307	-	-
Cash at end of year	6	4,925,744	4,377,429	4,591,339	2,648,505

The accompanying notes form part of these financial statements.

notes to the financial statements

for the year ended 30 June 2002

1 statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act, 2001.

The financial report covers the economic entity of Tag Pacific Limited and controlled entities (Tag Group), and Tag Pacific Limited as an individual parent entity (Tag Parent). Tag Pacific Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis, is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Tag Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Principles of Consolidation

A controlled entity is any entity controlled by Tag Pacific Limited. Control exists where Tag Pacific Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Tag Pacific Limited to achieve the objectives of Tag Pacific Limited. A list of controlled entities is contained in Note 10 to the financial statements.

All inter-company balances and transactions between entities in the Tag Group, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have left the Tag Group during the year, their operating results have been included until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Income Tax

The Tag Group adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Tag Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on an average cost basis. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity.

notes to the financial statements

for the year ended 30 June 2002

1 statement of significant accounting policies continued

Property, Plant and Equipment

Property, plant and equipment are carried at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Tag Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Leasehold Improvements	10 - 20%
Plant & Equipment	9 - 40%
Leased Plant & Equipment	9 - 40%
Buildings	2.5%

Leases

Leases of fixed assets, other than operating leases, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the Tag Group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by Directors to ensure that they are fairly stated by reference to the quoted market value for listed investments or the underlying assets of other non-listed investments.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over periods of 5-10 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

Foreign Currencies

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the date of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The assets and liabilities of overseas controlled entities, which are self-sustaining, are translated at year-end rates of exchange and any gains or losses arising on translation are taken directly to the foreign currency translation reserve.

notes to the financial statements

for the year ended 30 June 2002

1 statement of significant accounting policies Continued

Employee Entitlements

Provision is made for the Tag Group's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Tag Group to employee superannuation funds and are charged as expenses when incurred.

Cash

For the purpose of the statement of cash flows, cash includes:

- (i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii) investments in money market instruments with less than 14 days to maturity.

Provision for Warranties

Provision is made in respect of the Tag Group's estimated liability on all products and services under warranty at balance date. The provision is based on the Tag Group's history of warranty claims.

Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from either the Australian Tax Office or New Zealand Inland Revenue Department, whichever is applicable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

notes to the financial statements

for the year ended 30 June 2002

	Tag Group		Tag Parent	
	2002 A\$	2001 A\$	2002 A\$	2001 A\$
2 revenue				
Operating activities				
- sale of goods & services	25,665,592	26,877,933	320,031	837,698
- dividends from other corporations	124,604	445	-	-
- interest from other corporatons	211,446	279,466	107,918	199,751
- other revenue	53,603	65,028	36,995	-
	<u>26,055,245</u>	<u>27,222,872</u>	<u>464,944</u>	<u>1,037,449</u>
Non-operating activities				
- proceeds on disposal of property, plant & equipment	35,909	200,895	727	-
- proceeds on disposal of controlled entity	-	130,668	-	-
	<u>35,909</u>	<u>331,563</u>	<u>727</u>	<u>-</u>
Total revenue	<u>26,091,154</u>	<u>27,554,435</u>	<u>465,671</u>	<u>1,037,449</u>
3 (loss) from ordinary activities				
The (loss) from ordinary activities before income tax has been determined after:				
Expenses				
Borrowing costs				
- other persons	148,822	143,379	-	-
- finance lease charges	13,671	9,927	-	-
Total borrowing costs	<u>162,493</u>	<u>153,306</u>	<u>-</u>	<u>-</u>
Depreciation of non-current assets				
- buildings	25,526	27,456	-	-
- plant & equipment	191,693	188,953	11,238	14,294
- capitalised leased assets	43,604	31,861	-	-
Total depreciation	<u>260,823</u>	<u>248,270</u>	<u>11,238</u>	<u>14,294</u>
Amortisation of non current assets				
- goodwill	47,233	189,933	-	-
Bad and doubtful debts				
- movement in provision	96,309	(29,111)	-	-
- bad debts written off	107,731	129,206	-	-
Net bad and doubtful debt expense	<u>204,040</u>	<u>100,095</u>	<u>-</u>	<u>-</u>
Operating lease rentals	<u>662,225</u>	<u>645,552</u>	<u>-</u>	<u>-</u>
Revenue & net gains				
Foreign currency translation gains	-	6,316	-	-

notes to the financial statements

for the year ended 30 June 2002

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$
3 (loss) from ordinary activities <i>continued</i>				
Significant Expenses				
The following significant expense items are relevant in explaining the financial performance.				
Provision for non-recoverability of loans made to wholly owned subsidiaries	-	-	(2,710,872)	-
Provision for diminution in carrying value of investments in:				
- Chaos Group Limited	-	1,150,000	-	-
- IBA Health Limited	1,245,558	3,455,537	-	-
	1,245,558	4,605,537	-	-

4 income tax

The prima facie tax on (loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax (benefit) on (loss) from ordinary activities before income tax at 30% (2001: 34%)	(359,618)	(1,354,523)	(960,874)	(1,157)
Add tax effect of:				
- non-allowable items	26,868	59,075	5,501	7,995
- non-deductible diminution & amortisation	387,837	1,577,460	813,261	-
- change of tax rates to 30% on tax benefit carried forward (2001: from 34% to 30%)	-	30,753	-	10,493
- under provision in prior year	6,795	-	-	5,423
Less tax effect of:				
- non-assessable items	(11,120)	(25,942)	(11,098)	-
- deductible items not claimed	(67,713)	-	(22,327)	-
- transfer from provision not subject to income tax	-	(84,832)	(5,700)	-
- over provision in prior year	-	(50,785)	-	-
- share of net profits of associates	(88,397)	(54,340)	-	-
- difference in overseas tax rates	(2,288)	(2,102)	-	-
Income tax (benefit)/payable attributable to (loss) from ordinary activities before income tax	(107,636)	94,764	(181,237)	22,754

notes to the financial statements

for the year ended 30 June 2002

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$
5 dividends paid or proposed				
Dividends paid or proposed	-	-	-	-
Balance of franking account at year end	-	-	-	-

6 cash

Cash at bank and on hand	363,900	445,099	29,495	38,640
Short-term deposits	4,561,844	3,961,634	4,561,844	2,609,865
	4,925,744	4,406,733	4,591,339	2,648,505

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash	4,925,744	4,406,733	4,591,339	2,648,505
Bank overdrafts	-	(29,304)	-	-
	4,925,744	4,377,429	4,591,339	2,648,505

7 receivables

Trade debtors	4,620,697	4,645,623	-	-
Provision for doubtful debts	(141,496)	(45,187)	-	-
	4,479,201	4,600,436	-	-
Other debtors and prepayments	490,836	319,828	36,844	28,089
Amounts receivable from:				
- partly owned subsidiaries	-	-	182,213	-
- wholly owned subsidiaries	-	-	6,836,051	10,370,250
- provision for non-recoverability	-	-	(2,710,872)	-
	-	-	4,307,392	10,370,250
	4,970,037	4,920,264	4,344,236	10,398,339

8 inventories

Raw materials	467,541	233,580	-	-
Work in progress	15,959	73,896	-	-
Finished stock	4,908,557	4,867,848	-	-
	5,392,057	5,175,324	-	-

notes to the financial statements

for the year ended 30 June 2002

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$

9 tax assets

Future income tax benefit	414,798	264,833	252,936	71,699
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The future income tax benefit is made up of the following estimated tax benefits:

- tax losses	353,933	256,973	238,268	67,633
- timing difference	60,865	7,860	14,668	4,066

	414,798	264,833	252,936	71,699
--	---------	---------	---------	--------

Future income tax benefits not brought to account which will only be realised if the conditions for deductibility set out in note 1 occur:

- revenue losses	796,429	732,546	-	-
- capital losses	2,985,058	2,985,058	2,985,058	2,985,058

10 other financial assets

Shares in unlisted subsidiaries at cost	-	-	3,275,870	2,409,019
-----------------------------------------	---	---	-----------	-----------

Shares in listed corporations

- cost	7,876,572	7,876,572	-	-
- provisions for diminution	(5,851,095)	(4,605,537)	-	-

	2,025,477	3,271,035	-	-
--	-----------	-----------	---	---

Other unlisted investments at cost

	564,252	530,773	-	-
--	---------	---------	---	---

	2,589,729	3,801,808	3,275,870	2,409,019
--	-----------	-----------	-----------	-----------

Market value of shares in listed corporations

	1,738,457	2,874,431	-	-
--	-----------	-----------	---	---

Shares and units in controlled entities comprise:

Entity	Place of Incorporation	Class of Share	% Owned	
			2002	2001
Fibumi Pty Ltd	AUS	Ord	100	100
Tagpac Securities Ltd	AUS	Ord	100	100
Techno Holdings Pty Ltd	AUS	Ord/Pref	100/100	100/100
Comprador Pacific Pty Ltd	AUS	Ord	51	51
Comprador Pacific Unit Trust	AUS	Units	51	51
Potter Interior Systems Ltd	NZ	Ord	100	100
Spedding Ltd	NZ	Ord	100	100
Flatbat Ltd	NZ	Ord	100	100
Electro Securities Pty Ltd	AUS	Ord	100	100

Companies incorporated in New Zealand carry on business primarily in that country.

Flatbat Ltd was formerly known as MHS Technologies Ltd.

Tag Holdings (NZ) Ltd and Santon Technology Ltd, which were 100% owned subsidiaries in 2001, were in voluntary liquidation at 30 June 2002.

notes to the financial statements

for the year ended 30 June 2002

11 equity accounted investments

Electro Securities Pty Ltd holds an interest in the following associated company:

Entity	Principal Activity	% Owned		Carrying Amount	
		2002	2001	2002	2001
		A\$	A\$	A\$	A\$
M+H Power Systems Pty Ltd	Power electronics/ battery products	48	48	1,968,831	1,674,175
				1,968,831	1,674,175

Electro Securities Pty Ltd holds a 38% interest in Power Property Nominees Pty Ltd and a 38% interest in the units of the Power Property Unit Trust, which are entities associated with M+H Power Systems Pty Ltd. 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.

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$

Movements during the year in equity accounted investment in associated company:

Balance at beginning of financial year	1,674,175	886,291
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Add:

- new investments during the year	-	663,413
- share of associated companies profit from ordinary activities after income tax	294,656	150,945

Less:

- dividend revenue from associated company	-	(26,474)
--------------------------------------------	---	----------

	1,968,831	1,674,175
--	-----------	-----------

Share of associates' profit from ordinary activities before income tax

	408,891	256,679
--	---------	---------

Share of associates' income tax

	(114,235)	(119,382)
--	-----------	-----------

Share of associates' profit from ordinary activities after income tax

	294,656	137,297
--	---------	---------

Share of retained profits at beginning of the financial year

	776,107	665,284
--	---------	---------

Dividends & distribution received

	-	(26,474)
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Share of retained profits at end of the financial year

	1,070,763	776,107
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Summarised presentation of aggregate assets & liabilities

Assets	7,948,462	7,088,922
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Liabilities	4,138,944	3,919,119
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Net assets

	3,809,518	3,169,803
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notes to the financial statements

for the year ended 30 June 2002

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$
16 provisions				
Employee entitlements				
- current	245,995	227,018	-	1,087
- non-current	23,556	15,954	-	-
Aggregate employee entitlements liability	269,551	242,972	-	1,087
Number of employees at year end	64	60	3	3

17 contributed equity

65,659,794 (2001: 65,659,794) fully paid ordinary shares			15,443,061	15,443,061
Ordinary shares at beginning of year			15,443,061	15,443,061
At end of year			15,443,061	15,443,061

18 reserves

Capital reserve	658,351	894,891	-	-
Foreign currency translation reserve	50,271	(549,330)	-	-
	708,622	345,561	-	-
Movements during year:				
Capital reserve				
Opening balance	894,891	894,891	-	-
Elimination arising from disposal of self-sustaining foreign subsidiary	(236,540)	-	-	-
Closing Balance	658,351	894,891	-	-
The capital reserve records a capital profit from the realisation of a non-current asset				
Foreign currency translation reserve				
Opening balance	(549,330)	(585,947)	-	-
Elimination arising from disposal of self-sustaining foreign subsidiary	549,330	-	-	-
Adjustment arising from the translation of self-sustaining foreign controlled entities' financial statements	50,271	36,617	-	-
Closing balance	50,271	(549,330)	-	-

The foreign currency translation reserve records exchange differences arising on translation of self-sustaining foreign controlled entities.

notes to the financial statements

for the year ended 30 June 2002

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$
19 (accumulated losses)				
(Accumulated losses)/retained profits at beginning of year	(2,574,619)	1,695,484	(13,274)	12,883
Net (loss) attributable to the members of the parent entity	(1,172,780)	(4,270,103)	(3,021,677)	(26,157)
Foreign currency translation (loss) on disposal of self-sustaining foreign subsidiary	(74,424)	-	(74,424)	-
(Accumulated losses) at end of year	(3,821,823)	(2,574,619)	(3,109,375)	(13,274)

20 outside equity interests in controlled entities

Outside equity interests comprise:				
- capital	980,000	980,000	-	-
- profits	130,204	295,819	-	-
	1,110,204	1,275,819	-	-

21 capital and leasing commitments

Capital expenditure commitments				
Capital expenditure commitments contracted for:	-	-	-	-
Operating lease commitments				
Operating leases are non-cancellable property leases with varying terms up to 4 years, with variable renewable options and contingent rental provisions. Non-cancellable operating leases contracted for but not capitalised in the financial statements:				
Payable				
- not later than one year	462,607	547,291	-	-
- later than one year but not later than five years	438,118	848,626	-	-
	900,725	1,395,917	-	-
Finance lease commitments				
Finance leases relate principally to motor vehicles up to 3 year terms typically with a 25% residual value.				
Payable:				
- not later than one year	82,171	106,138	-	-
- later than one year but not later than five years	131,274	42,989	-	-
Minimum lease payments	213,445	149,127	-	-
Less: future finance charges	(24,859)	(10,576)	-	-
Provided for in accounts	188,586	138,551	-	-

notes to the financial statements

for the year ended 30 June 2002

22 segmental information

	Investment		Merchandising*		Tag Group	
	2002 A\$'000s	2001 A\$'000s	2002 A\$'000s	2001 A\$'000s	2002 A\$'000s	2001 A\$'000s
Primary reporting						
- Business segments						
Revenue						
External revenue	425	785	25,666	26,769	26,091	27,554
Share of net profits of equity accounted associates	-	-	295	151	295	151
Total revenue from ordinary activities	425	785	25,961	26,920	26,386	27,705
Result						
Segment result	(876)	(3,934)	635	1,164	(241)	(2,770)
Unallocated expenses	-	-	-	-	(958)	(1,214)
Profit from ordinary activities before future income tax benefit	-	-	-	-	(1,199)	(3,984)
Income tax benefit/(expense)	-	-	-	-	108	(95)
(Loss) from ordinary activities after future income tax benefit/(expense)	-	-	-	-	(1,091)	(4,079)
Assets						
Segment assets	9,663	9,983	12,207	11,959	21,870	21,942
Liabilities						
Segment liabilities	148	158	8,282	7,294	8,430	7,452
Other						
Investments accounted for using the equity method	-	-	1,969	1,674	1,969	1,674
Acquisitions of non-current segment assets	22	1,095	233	304	255	1,399
Depreciation and amortisation of segment assets	11	14	297	424	308	438
Other non-cash segment expenses						
Provision for diminution of investment carrying values	1,246	4,606	-	-	1,246	4,606

* Marketing and distribution of componentry for commercial interiors and equity accounted contribution from power electronics and battery products.

	Australia		New Zealand		Tag Group	
	2002 A\$'000s	2001 A\$'000s	2002 A\$'000s	2001 A\$'000s	2002 A\$'000s	2001 A\$'000s
Secondary reporting						
- Geographical segments						
Segment revenues	15,312	15,319	11,074	12,386	26,386	27,705
Segment assets	16,933	16,067	4,937	5,875	21,870	21,942
Acquisition of non-current segment assets	173	1,368	82	31	255	1,399

notes to the financial statements

for the year ended 30 June 2002

23 financial instruments

Interest Rate Risk

The Tag Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing 1-5 Years		Non-Interest Bearing		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Interest Rate		AS'000		AS'000		AS'000		AS'000	
Cash & deposits	4.53%	5.13%	4,562	3,962	-	-	364	445	4,926	4,407
Receivables	-	-	-	-	-	-	4,970	4,920	4,970	4,920
Investments	-	-	-	-	-	-	4,559	5,476	4,559	5,476
			4,562	3,962	-	-	9,893	10,841	14,455	14,803
Bank Overdraft	9.75%	10.75%	-	29	-	-	-	-	-	29
Bank Loans	6.87%	6.80%	2,642	1,762	-	-	-	-	2,642	1,762
Accounts payable	-	-	-	-	-	-	4,730	4,680	4,730	4,680
Lease Liabilities	6.96%	7.45%	-	-	188	132	1	7	189	139
Mortgage Loan	6.35%	6.32%	600	600	-	-	-	-	600	600
			3,242	2,391	188	132	4,731	4,687	8,161	7,210

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Tag Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Tag Group. The Tag Group receivables and accounts payable are not subject to any unusual terms and conditions.

Net Fair Values

The net fair values of listed investments have been assessed from the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying assets of the investment.

For other assets and other liabilities the net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Aggregate net fair values and carrying amounts of investments (excluding those equity accounted) at balance date:

	2002		2001	
	Carrying Amount A\$'000	Net Fair Value A\$'000	Carrying Amount A\$'000	Net Fair Value A\$'000
Listed investments	2,026	1,739	3,271	3,186
Unlisted investments	564	564	531	500
	2,590	2,303	3,802	3,686

notes to the financial statements

for the year ended 30 June 2002

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$

24 auditors' remuneration

Remuneration of the auditor of Tag Parent for:

Auditing or reviewing the accounts	71,975	53,371	36,000	28,831
Other services	26,995	22,392	26,995	22,392
	98,970	75,763	62,995	51,223

25 remuneration of directors & executives

Directors' Remuneration

Income paid or payable to all directors of each entity in the Tag Group by the entities of which they are directors and any related parties

902,821 1,093,593

Income paid or payable to all directors of the Tag Parent by the Tag Parent and any related parties.

330,000 330,000

Number of Tag Parent directors whose income from the Tag Parent or any related parties was within the following bands:

	2002	2001
	No.	No.
A\$10,000 - 19,999	5	5
A\$270,000 - 279,999	1	1

The Tag Parent directors who have held office during the financial year are Messrs GM Cohen, RT Constable, RB Moran, RD Peterson, GH Weiss and PH Wise.

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$

Executives' Remuneration

Income paid or payable to all executive officers of the Tag Group and the Tag Parent whose remuneration is A\$100,000 or more, from entities in the Tag Group and any related bodies corporate

442,000 437,200 **442,000** 437,200

	No.	No.	No.	No.
Number of executives of the Tag Group and the Tag Parent whose remuneration falls within the following bands:				
A\$160,000 - 169,999	-	1	-	1
A\$170,000 - 179,999	1	-	1	-
A\$270,000 - 279,999	1	1	1	1

notes to the financial statements

for the year ended 30 June 2002

26 related parties

Related parties fall into the following categories:

Controlled Entities

Information relating to controlled entities is set out in Note 10.

Transactions occur between certain of these entities during the year, all of which are conducted at commercial rates.

Director related entities

Mr PH Wise has a controlling interest in Anthony Australia Pty Limited through family interests. Anthony Australia Pty Limited effected a net increase of 208,807 ordinary shares in Tag Pacific Limited during the year under review. Anthony Australia Pty Limited has received management fees for services rendered during the year. These fees are included in the remuneration of directors disclosures in Note 25.

Directors

The names of the directors of the chief entity during the year under review are Messrs PH Wise, GM Cohen, RT Constable, RB Moran, RD Peterson, and Dr GH Weiss. Information on the remuneration of directors and their respective periods of service is set out in Note 25. Information on directors' interests in shares is detailed in the Directors' Report.

Mr RD Peterson is a partner of Harkness & Peterson. Harkness & Peterson has received fees of A\$2,575 (2001: A\$12,944) as the Tag Group's solicitor in New Zealand.

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$

Share Transactions of Directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following interests in Tag Pacific Limited

42,291,062 42,082,255

27 earnings per share

Reconciliation of earnings to net (loss)

Net (loss)	(1,091,092)	(4,078,656)
Net profit attributable to outside equity interest	(81,688)	(191,447)

Earnings used in the calculation of basic and diluted earnings per share

(1,172,780) (4,270,103)

Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share

65,659,794 65,659,794

notes to the financial statements

for the year ended 30 June 2002

	Tag Group		Tag Parent	
	2002	2001	2002	2001
	A\$	A\$	A\$	A\$
28 cash flow information				
Reconciliation of cash flow from operating activities with (loss) after income tax				
(Loss) from operating activities after income tax	(1,172,780)	(4,078,656)	(3,021,677)	(26,157)
Non-cash flows:				
- amortisation	47,233	221,794	-	-
- depreciation	260,823	216,409	11,238	14,294
- charges to provisions	1,086,570	3,996,035	2,448,895	17,525
- share of associated companies operating profit after income tax	(294,656)	(150,945)	-	-
Changes in assets and liabilities				
- decrease/(increase) in receivables	219,997	966,585	2,476,381	(813,682)
- (increase)/decrease in inventories	(76,395)	173,403	-	-
- (decrease)/increase in trade creditors & accruals	(78,077)	(1,248,864)	34,785	(30,675)
Cash flow (used in)/provided by operating activities	(7,285)	95,761	1,949,622	(838,695)
Disposal of business				
During the prior year the controlled entity Anglo Engineering Limited and its wholly owned subsidiary, Anglo Assemblers Limited, were sold. Aggregate details of this transaction are:				
Sale consideration	-	462,763	-	-
Sale of shares	-	130,668	-	-
Loan repayment	-	332,095	-	-
	-	462,763	-	-
Assets & liabilities held at disposal date:				
- receivables	-	196,752	-	-
- inventories	-	177,428	-	-
- plant & equipment	-	358,312	-	-
- creditors	-	(269,729)	-	-
	-	462,763	-	-
Unused credit facilities				
Arrangements with banks to provide stand-by funds and/or support facilities	3,633,079	2,680,705	-	-
Amounts utilised at year end	3,242,302	2,391,080	-	-
Net available at year end	390,777	289,625	-	-

notes to the financial statements

for the year ended 30 June 2002

28 cash flow information continued

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 A\$150,289 (2001: nil) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

29 contingent liability

No contingent liabilities existed at 30 June 2002 (2001: nil)

30 company details

The registered office of the company is:

Tag Pacific Limited
Suite 4604, Level 46 MLC Centre
19-29 Martin Place
SYDNEY NSW 2000



directors' declaration

for the year ended 30 June 2002

The Directors of the company declare that:

- (a) the financial statements and notes, as set out on pages 8 to 30, are in accordance with the Corporations Act 2001:
 - (i) comply with Accounting Standards and the Corporations Regulations 2002; and
 - (ii) give a true and fair view of the financial position as at 30 June, 2002 and of the performance for the year ended on that date of the company and economic entity;
- (b) 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.

This declaration is made in accordance with a resolution of the board of directors.

PH Wise
Chairman

Dated this 30th day of September 2002



Chartered Accountants
& Business Advisers

Level 20, 1 York Street
Sydney NSW 2000

Gx 10173
Sydney Stock Exchange

te 61 2 9251 4100
fax 61 2 9240 9821

www.pkf.com.au

PKF
100 York Street
Sydney NSW 2000

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TAG PACIFIC LIMITED

Scope

We have audited the financial report of Tag Pacific Limited and controlled entities for the year ended 30 June 2002 as set out on pages 8 to 30. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion on the financial report in all material respects. The financial report is prepared in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and states a true and fair view, which is consistent with our understanding of the company's financial position and performance as determined by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial report of Tag Pacific Limited and controlled entities is in accordance with:

- (a) the Corporations Act 2001 in relation to:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2002; and
- (b) other mandatory professional reporting requirements in Australia.

PKF
Chartered Accountants

GEOFF L HARRIS
Partner

Sydney: 30 September 2002

A New South Wales Partnership

shareholder information

as at 20 September 2002

shareholding

Distribution of shareholders

Range	Holders	Shares
1 - 1,000	823	420,407
1,001 - 5,000	857	2,291,193
5,001 - 10,000	277	2,180,140
10,001 - 100,000	316	8,512,159
10,001 - and over	44	52,255,895
	2,317	65,659,794

The number of shareholdings held in less than marketable parcels is 1,579.

The names of the substantial shareholders listed in Tag Pacific Limited's register as at 20 September, 2002 are:

Anthony Australia Pty Limited.	26,131,706
Allco Finance Group Limited & others	17,436,209

Twenty largest shareholders	No. of Shares	% of Shares
Anthony Australia Pty Limited	26,131,706	39.8
AIB Investments Limited	6,404,402	9.8
Amco Trading Pty Limited	4,446,133	6.8
Sports & Entertainment Limited	2,563,528	3.9
Weldon Technology Pty Limited	1,796,134	2.7
Weldon Enterprises No. 2 Pty Limited	1,796,133	2.7
Brides Pty Limited	1,150,000	1.7
George Chien Hsun Lu & Jenny Chin Pao Lu	976,100	1.5
Lu's International Limited	755,718	1.1
Excalibur Nominees Limited	474,995	0.7
National Australia Trustees Limited	404,879	0.6
Alistair Woodside Cunningham	340,000	0.5
Richard Dale Peterson	337,732	0.5
Monetti Pty Limited	331,260	0.5
Keith Richard Frankum	275,089	0.4
Locope Pty Limited	275,000	0.4
Basil Courtney McGirr	265,219	0.4
Regans Express Pty Limited	253,700	0.4
Harvey Wu	223,510	0.3
Lockley Management Services Pty Limited	200,000	0.3
	49,401,238	75.2

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

shareholder information

as at 20 September 2002

registers of securities are held at the following addresses

Australia:

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
SYDNEY NSW 2000

New Zealand:

Computershare Investor Services Limited
Level 3
277 Broadway
Newmarket
AUCKLAND

registered office

The address of the principal registered office in Australia is: Suite 4604, Level 46, MLC Centre, 19-29 Martin Place, Sydney NSW 2000. Telephone (02) 9223-7933. Fax (02) 9223-3967. Internet www.tagpac.com

stock exchange listings

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited and the New Zealand Stock Exchange.

company secretary

The name of the Company Secretary is Mr David John Henderson.



proxy form

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The Secretary
Tag Pacific Limited
GPO Box 4032
Sydney NSW 2001

I / Webeing a member/s of Tag Pacific Limited
hereby appointof.....
or in his / her absence.....of.....

or failing him / her the Chairman of the Meeting as my / our proxy to vote on my / our behalf at the
Annual Meeting of the company to be held on Tuesday 19th November, 2002 and at any adjournment
thereof.

Dated theday of2002

Signed
Shareholder

Unless otherwise instructed the proxy will vote as he or she thinks fit, or abstain from voting.
Should the member wish to direct the proxy how to vote, the following should be completed.

Agenda Item No:

	For	Against	Abstain
1. Adoption of financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1. Election and appointment of directors:			
• Re-election of Mr GM Cohen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Re-election of Dr GH Weiss	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



corporate directory

TAG Pacific Limited
A.C.N. 009 485 625

directors

PH Wise (Chairman)
GM Cohen
RT Constable
RB Moran
RD Peterson
GH Weiss

secretary

DJ Henderson
Level 46, MLC Centre
19 - 29 Martin Place
Sydney NSW 2000
djh@tagpac.com

auditors

PKF
Level 20, 1 York Street
Sydney NSW 2000

share registrars

Computershare
Investor Services Pty Limited
Sydney NSW 2000 Australia

Computershare
Investor Services Pty Limited
Auckland New Zealand

TAG
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