TAG

ANNOUNCEMENT

TO: Australian Stock Exchange
New Zealand Stock Exchange

FROM: Tag Pacific Limited ACN 009 485 625

DATE: 14 July 2003

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M+H POWER SYSTEMS TO BECOME A TAG SUBSIDIARY

Tag Pacific Limited wishes to advise that it will emerge with a controlling interest in M&H Power Systems Pty Limited ("M+H Power") following a general meeting of shareholders of M+H Power in Melbourne earlier today.

Prior to the general meeting, Tag Pacific Limited, through its wholly owned subsidiary Electro Securities Pty Limited, held 48.25% of the shares in M+H Power.

The shareholders of M+H Power approved special resolutions today to implement:

- a selective capital reduction pursuant to which shares representing 11.67% of the shares on issue will be cancelled;
- the reclassification of shares in M+H Power into a single class; and
- the adoption of a new constitution for M+H Power.

As a consequence of these resolutions, the Tag Pacific Group will increase its holding in M+H Power from 48.25% to 54.62% and will have a controlling interest.

The results of M+H Power have been equity accounted by the Tag Pacific Group in recent years. In future M+H Power and its wholly owned subsidiaries will become consolidated entities. This consolidation is expected to increase the Tag Pacific Group's annual revenue by approximately A$20m. Consolidated gross assets are expected to increase by in excess of A$5m.

D.J. Henderson
Secretary

For further information on M+H Power please visit www.mhpower.com.au