**TAG PACIFIC LIMITED**
**CHAIRMAN'S AGM ADDRESS**
**20 NOVEMBER 2003**

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You will have noted from the Annual Report that the Group's fortunes were somewhat better during the year ended June 2003 than they were for the previous year. Revenue was up at A$29m and whilst we didn't report much of a profit, we at least managed to stem the loss and to generate a positive cash flow

In the four months since then, our combined group revenues have come in at over A$16m, whereas the comparative figure for the previous year was just under A$10m. This is represented by a growth of over 5% in sales for the building group; and for the first time incorporates sales of the electrical group, which is now being consolidated instead of equity accounted.

At the margin level, there has also been some growth and this is particularly evident in our wholly owned subsidiary, Potter Interior Systems, which following its move to new large and modern premises is showing a healthy improvement in margin percentage. In fact, Potters activities delivered a very sound result in October, ahead of its budget for the month and very close to target on a year to date basis

The improved trend is also starting to show through in Comprador, although it is not as robust and perhaps not quite as evident yet. It reflects the appointment of some new personnel at branch level and also reflects a gradually changing product mix, which has long been the plan, but has only recently begun to bear fruit.

In the electrical group sales have been steady, with margin growth and profitability also very solid since the beginning of this financial year. The strengthening Australian dollar has played its part in improving profitability, but this is only one factor as the underlying business is vigorous and growing in strength. To add to this there are plans under development to move into complementary new markets and products in the solar electrical field.

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All in all the trading operations in which we are invested are faring better than they were in the last financial year when analysed on a truly comparative basis. We remain hopeful that this current year will continue to show improvements, although it is fair to say that in the building group in Australia there are still more variables than we would like, despite the order book standing at significantly increased levels. If the current trend continues, our half year result will show an improvement.

I would like to make comment about our technology investments. Our investment in IBA Health still continues to disappoint us, yet in our view still holds promise. I said much the same thing a year ago and unfortunately not much has changed in terms of the share-price to bring us joy in the meantime. Our carrying value approximates the current share price on the ASX; yet in due course we still believe that there will be gains; because of the dynamic environment in which IBA operates; because of its global potential; and because of the products that IBA has to offer.

I would also like to comment on our investment in Unique World. Unique World has developed extremely well since the beginning of this calendar year; management is spirited; and the company's pace of activity has quickened. We would like to increase our holding in Unique World, because we have faith in its management; we have faith in its product strategy; and faith in its ability to perform as a solutions provider.

In summary, it is fair to say that the Tag Group is in good heart and is active and busy on a number of fronts, both within its existing spheres of operation and also in new arenas. We are anticipating that by the end of 2004 the Group will have evolved substantially and that at the same time, underlying value will have become more visible. Already, since the publication of the annual report, some investors have shown increased interest in the company.

Our clear objective is to drive forward with a concerted push to increase the scope and scale of our investment activity; and in the fullness of time to find ways for Tag's underlying value to be unlocked in a way that enhances shareholder value.

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