



ASX ANNOUNCEMENT

ANNUAL GENERAL MEETING 2009 CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Tag Pacific Limited (ASX: TAG, NZX: TPC) – Sydney – 12 November 2009

Group EBITDA of A\$4.2 million before minority interests and head office costs, which produced a bottom line of A\$1.18 million for shareholders in the 2009 financial year, was most welcome when measured against the difficult and volatile trading and investment landscape. Although somewhat less than target, what was also pleasing was that the cash flow generated from operating activities remained positive overall for the year and our net debt to equity ratio was below 5% at year end.

However, what is not quite so pleasing is the value attributed to our efforts by shareholders and the investment market, which falls considerably short of even just the net asset value of our underlying investments. In that regard I draw your attention to the table on page 2 of the annual report which shows that at balance date, each Tag share was backed by 33.5 cents of net assets. Since that date, our major investment in the iSOFT Group has appreciated by about A\$1.75 million which has in turn lifted Tag's net assets even further.

As reported, the Group's investment in the power sector underwent a metamorphosis during the year with the establishment of MPower. This marks an exciting new chapter for the Group with a bold new brand and corporate structure that unites the diverse offering of stored, emergency, generated and green power solutions in eight specialised business units across multiple geographies.

The outlook for MPower is promising, both in terms of organic growth and acquisition opportunities. Shortly after its launch, MPower was delighted to announce its first big contract win when in late September it was awarded a A\$32 million contract. The contract runs for two years and is to design, manufacture and commission a 28 megawatt power generation plant to power the construction and commissioning phase of the prestigious Gorgon Project in Western Australia.



This project win represents a significant milestone for MPower both in financial and non-financial contexts. To put the scale of this project into perspective in financial terms, the eight business units that now make up the MPower Group collectively recorded revenue across all divisions of A\$47 million in the last financial year. The scale of the Gorgon contract, which is by far the largest ever awarded to a Tag Group company and a very significant increase to MPower's project base, is likely to further enhance the platform from which the MPower business can continue to grow and expand. We make no secret of our desire for MPower to move into new and exciting fields in what we loosely describe as the new energy arena.

I want to turn now to Tag's investment in the interior building products sector. Our companies have been constrained by challenging market conditions that have tested our management; however we are pleased that both Potter Interior Systems and Comprador Pacific appear to have weathered the economic storm; and the pre-emptive actions taken last year to align the business model to the changes in market conditions proved to be both appropriate and opportune.

Last year's modest EBITDA in the interior building products sector, which was a reasonable result given the circumstances, has set the trend for the current financial year. The structural and other changes that were put in place in the preceding 12 months have gone some way towards offsetting the general downturn in sales volumes and margins as the commercial and industrial construction industry awaits the inevitable rebound.

While we are continuing to actively seek a transformational deal that would reposition our investment in this sector, we are at the same time keenly focussed on maintaining and enhancing supply arrangements, product mix and stock holdings. In this regard, we expect that the recent gains in local currency will deliver some positive outcomes.

With regard now to our investments in the technology sector, I would like to share with you some pleasing news concerning Unique World. Unique World was recently chosen from a national field to win the 2009 Microsoft Partner of the Year Award for Information Worker Solutions, Portal and Collaboration with its RecordPoint solution; and then in its November issue, MIS Magazine has listed Unique World as one of ten rising stars nationally.

Unique World continues to be a leading provider of Microsoft based technology solutions with a focus on information management. As a natural consequence of the development and potential success of the proprietary RecordPoint records management software, the company is now in the throes of more clearly delineating its consulting and software businesses. This process is expected to be in place in early 2010; and whilst the company's blue chip client base continues to be on a go-slow when committing itself to IT infrastructure spending, the climate does appear to be improving.



The Tag Group's investment in iSOFT Group outperformed the wider market during the 2009 year, largely because of the success iSOFT has had in cementing its position as a global leader in healthcare information systems.

Tag continues to be one of the largest investors in iSOFT with a holding of approximately 11 million shares; and as one of the company's long term supporters, we are maintaining an optimistic view of iSOFT's future.

iSOFT share price growth has continued in recent months and as I mentioned earlier, the current value of Tag's holding (as at close of trade yesterday) has risen to A\$8.91 million from A\$7.14 million at 30 June. This represents an unrealised gain of around A\$1.75 million for a period of just over 4 months.

In summary, let me say that we are continuing to deliver on our stated strategy of increasing the size and scale of our investments; and whilst the 2009 year held a fair number of challenges for us, we've started the 2010 year in comparatively good shape.

Although we are somewhat constrained by our size, Tag's solid balance sheet, cash reserves and relatively low levels of debt are of great comfort to us in an environment that is becoming more conducive for us to acquire or negotiate quality assets at more justifiable values. We have been actively exploring a number of opportunities whilst keeping an eye on our existing investments to ensure they are prudently managed during these uncertain times.

The outlook for the 2010 year will very much be dictated by market circumstances, currency and the fortunes of our share market linked investment in the iSOFT Group, but at this stage we remain confident of at least maintaining the current dividend level.

I would now like open the meeting up for discussion and any questions.

ENDS

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