



12 February 2015

The Manager, Listings
Australian Securities Exchange
Company Announcements Office
Level 4,
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Via e-lodgement

Dear Sir

Tassal Group Limited (TGR): Market Release
Results for the Half-Year Ended 31 December 2014

We attach the following:

1. Results Announcement for the Half-Year Ended 31 December 2014.
2. Appendix 4D – "Half-Year Report" incorporating the consolidated financial report and the Directors' Report.
3. Media Release.
4. Investor Presentation – Results for the six months ended 31 December 2014.

Please release this information to the market.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Monika Maedler".

Monika Maedler
Company Secretary
Tassal Group Limited



TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D

HALF-YEAR REPORT

for the Half-Year ended 31 December 2014

(previous corresponding period: Half-Year ended 31 December 2013)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Compliance Statement

1. The attached financial report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations or other standards acceptable to ASX.
2. The attached financial report, and the accounts upon which the report is based, use the same accounting policies.
3. The attached financial report gives a true and fair view of the matters disclosed.
4. The attached financial report has been independently reviewed by the Company's auditors. The financial report is not subject to a qualified independent review statement.
5. The entity has a formally constituted Audit Committee.

A handwritten signature in black ink, appearing to read "A. McCallum".

A. McCallum
Chairman
Tassal Group Limited
Hobart, 12 February 2015



TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D HALF-YEAR REPORT

for the Half-Year ended 31 December 2014
(previous corresponding period: Half-Year ended 31 December 2013)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-Year ended 31 December 2014 \$'000	Half-Year ended 31 December 2013 \$'000	Period Movement up / (down) \$'000	Period Movement up / (down) %
Revenue (from all sources)	150,946	134,451	16,495	12.27
EBITDA	54,103	42,021	12,082	28.75
EBIT	45,093	34,423	10,670	31.00
Profit before income tax expense attributable to members	42,879	31,796	11,083	34.86
Income tax expense	(12,584)	(9,318)	3,266	35.05
Net profit after income tax expense attributable to members	30,295	22,478	7,817	34.78
Basic EPS – cents per share	20.64cps	15.35cps		

Dividends (Ordinary Shares)	Amount per security	Franked amount per security
Final dividend: - Previous financial year – payment date 29 September 2014	6.00c	3.00c
Interim dividend: - Current reporting period * - payment date 31 March 2015 - Previous corresponding period – payment date 28 March 2014	7.00c 5.50c	3.50c 2.75c

*The financial effect of the Interim Dividend in respect of the current reporting period will be recognised in the next reporting period because it has been declared subsequent to 31 December 2014

Record date for determining entitlements to the Interim Dividend	17 March 2015
Date of payment of Interim Dividend	31 March 2015

Brief explanation of any of the figures reported above necessary to enable figures to be understood.

Refer to the "Review of Operations" section at Item 4 in the accompanying Directors' Report which forms part of the Appendix 4D Half-Year Report, together with the Company's H1 2015 results media release.



TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D

HALF-YEAR REPORT

for the Half-Year ended 31 December 2014

(previous corresponding period: Half-Year ended 31 December 2013)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reported Earnings Per Ordinary Fully Paid Share (EPS)	Current Period	Previous Corresponding Period
Basic EPS – cents per share	20.64	15.35
Diluted EPS – cents per share	20.51	15.24

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	\$2.21	\$1.99

TABLE A: Impact of AASB 141 "Agriculture".

The following tables illustrate the effect on net profit after income tax after applying the AASB 141 "Agriculture" accounting standard.

Half-year ended 31 December 2014	AASB 141 Impact \$'000
Revenue (from all sources)	\$0
EBITDA	\$16,993
EBIT	\$16,993
Profit before income tax expense	\$16,993
Income tax expense	\$(5,098)
Net profit after income tax expense	\$11,895

Half-year ended 31 December 2013	AASB 141 Impact \$'000
Revenue (from all sources)	\$0
EBITDA	\$10,249
EBIT	\$10,249
Profit before income tax expense	\$10,249
Income tax expense	\$(3,075)
Net profit after income tax expense	\$7,174

Monika Maedler
Company Secretary
Tassal Group Limited
12th February 2015



Tassal Group Limited

and its Controlled Entities

ABN 15 106 067 270

Appendix 4D: Half-Year Report (Pursuant to Listing Rule 4.2A)

**Financial Report for the Half-Year Ended
31 December 2014**

(The Half-Year financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that the Half-Year Report is read in conjunction with the Annual Financial Report of Tassal Group Limited for the Financial Year ended 30 June 2014 together with any public announcements made by Tassal Group Limited and its controlled entities during the half-year ended 31 December 2014 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange).

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DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

The Directors of Tassal Group Limited ("Tassal" or "the Company") submit the financial report for the half-year ended 31 December 2014 of the consolidated entity, being the Company and its controlled entities.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. DIRECTORS

The names of the Directors of Tassal Group Limited who held office at any time during or since the end of the half-year are:

Name:

Mr Allan McCallum (Chairman)
Mr Mark Ryan (Managing Director and Chief Executive Officer)
Mr Trevor Gerber
Mr Christopher Leon
Mr John Watson
Mr Ng Joo Thieng (Resigned 25 July 2014)
Mr Ng Joo Siang (Alternate Director for Mr Ng Joo Thieng) (Resigned 25 July 2014)
Mr Michael Carroll

2. PRINCIPAL ACTIVITIES

During the half-year the principal activities of the consolidated entity were the farming, processing and marketing of Atlantic salmon.

There were no significant changes in the nature of the activities of the consolidated entity during the half-year.

3. REVIEW OF OPERATIONS

Review of Operations

The Directors of Tassal Group Limited (**Tassal**) are pleased to present the Company's Appendix 4D: Half Year Report to 31 December 2014 (1H15).

The overarching strategic focus for Tassal is to deliver sustainable long term returns to shareholders as the leader in salmon in Australia, selling a highly recognised ethical valued brand and product to Australian consumers and retailers – while operating in a zero harm environment. Successfully delivering this strategic focus will see Tassal move towards achieving its aspirational goal of generating a statutory Return on Assets (earnings before interest and tax to assets) of 15%.

Based on Tassal's financial and operational results for the 6 months to 31 December 2014 (1H15), together with the outlook for 2H15, the Directors believe that the Company is continuing to materially progress towards the Strategic Plan.

While Tassal is very focussed on progressing towards more acceptable return levels from its sales initiatives and assets, equity and capital employed, the company is also focused on ensuring it has in place a capital investment programme and growth in underlying fish biomass that will allow it to over time maximise domestic market per capita consumption and meet growing domestic demand.

A key operational initiative underpinning Tassal's Strategic Plan is the company's Selective Breeding Program (SBP). It is worth noting that the performance of, and outcomes from, the SBP is ahead of schedule when looking at fish performance achieved, particularly from a live biomass perspective. This program has enabled Tassal to optimise the growth of its fish while at the same time lowering the actual time spent growing the fish.

The results of the SBP are clearly evident when considering the performance of the primary harvest year class of fish from the commencement of the SBP until now. From the 2008 year class (i.e. primary harvest for FY2009) until the forecast performance of the 2013 year class (i.e. primary harvest for FY2015), Tassal is experiencing:

- a 14% increase in average harvest HOG weight, from 3.640 HOG kg to 4.210 HOG kg; at the same time as
- a 14% decrease in average days at sea (i.e. 70 days less growing time).

For 1H15, strong cash flows, together with appropriate use of Tassal's funding facilities ensured appropriate investment in fish growth and a responsible capital spend to underpin sustainable growing longer term returns.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

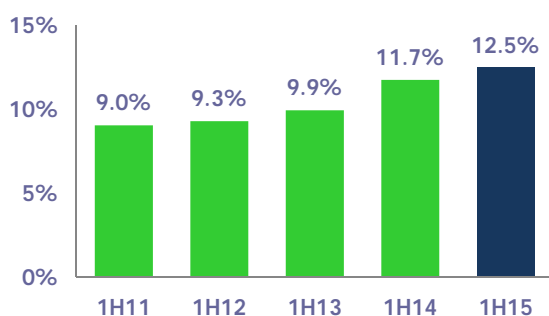
From a strategic growth perspective, Tassal's focus is as follows:



Tassal has made significant progress towards achieving its Strategic Plan goal of generating more acceptable return levels:

- the company has invested substantial capital (\$184.907 million) since FY2009 to make Tassal's business more sustainable, scalable and move closer to global best practice from an operational, financial and strategic perspective
- the company has achieved sustainable growth in profitability and \$/kg returns through sales initiatives and operating efficiencies
 - sustainably generating more \$/kg from sales – underpinning improved returns
 - strong fish performance resulting in strong biomass growth, feed conversion and survival; allowing operating cost efficiencies
 - executing on the Company's domestic marketing campaign to continue building brand and drive sales.

Statutory Return on Assets (Statutory EBIT / Total Assets)



Overall, Tassal's financial and operational performance over 1H15 continues to provide clear evidence that the company's strategy is the right strategy, and this strategy is delivering continued improvements in profitability and returns.

The focus for 2H15 is to continue this momentum. Tassal's overarching priority is to deliver on the underlying operational and financial metrics of the company's Strategic Plan. The Directors believe that Tassal has in place the financial and operating platform to be able to do this in 2H15 and beyond, together with a favourable supply / demand dynamic in the domestic market.

Reflecting the company's strong cashflows, strong balance sheet and attractive growth outlook, the Directors of Tassal increased the company's interim dividend by 27.3%, declaring a 50% franked interim dividend for FY2015 of 7.00 cents per share [1H14: 5.50 cents per share]. The record and payment dates for the FY2015 interim dividend are 17 March 2015 and 31 March 2015, respectively.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

Financial results

Statutory, Underlying and Operational Financial Performance

Tassal has followed the guidance for underlying profit as issued by the Australian Institute of Company Directors and Financial Services Institute of Australasia in March 2009 and ASIC Regulator Guide RG 230 'Disclosing non-IFRS financial information'.

Overall, earnings continued to grow faster than revenues, underpinning the company's focus to deliver improved financial return metrics from a return on assets, equity and capital employed perspective.

The key financial highlights for 1H15 included:

Half Year ended 31 December 2014	Statutory Profit \$'000	Non Recurring Items \$'000	Underlying Profit \$'000	AASB 141 Impact \$'000	Operational Profit \$'000
Revenue (from all sources)	\$150,946	\$0	\$150,946	\$0	\$150,946
EBITDA	\$54,103	\$0	\$54,103	(\$16,993)	\$37,110
EBIT	\$45,093	\$0	\$45,093	(\$16,993)	\$28,100
Profit before income tax expense	\$42,879	\$0	\$42,879	(\$16,993)	\$25,886
Income tax expense	(\$12,584)	\$0	(\$12,584)	\$5,098	(\$7,486)
Net profit after income tax expense	\$30,295	\$0	\$30,295	(\$11,895)	\$18,400

Half Year ended 31 December 2013	Statutory Profit \$'000	Non Recurring Items \$'000	Underlying Profit \$'000	AASB 141 Impact \$'000	Operational Profit \$'000
Revenue (from all sources)	\$134,451	\$0	\$134,451	\$0	\$134,451
EBITDA	\$42,021	\$0	\$42,021	(\$10,249)	\$31,772
EBIT	\$34,423	\$0	\$34,423	(\$10,249)	\$24,174
Profit before income tax expense	\$31,796	\$0	\$31,796	(\$10,249)	\$21,547
Income tax expense	(\$9,318)	\$0	(\$9,318)	\$3,075	(\$6,243)
Net profit after income tax expense	\$22,478	\$0	\$22,478	(\$7,174)	\$15,304

Statutory results

The key 1H15 statutory financial results highlights were:

- accounting standard AASB 141 'Agriculture' increment up 65.8% to \$16.993 million before tax (1H14: \$10.249 million);
- earnings before interest, tax, depreciation and amortisation (EBITDA) up 28.7% to \$54.103 million (1H14: \$42.021 million);
- earnings before interest and tax (EBIT) up 31.0% to \$45.093 million (1H14: \$34.423 million); and
- net profit after tax (NPAT) up 34.8% to \$30.295 million (1H14: \$22.478 million).

Underlying results

There were no non-recurring items reported.

Operational results

The key 1H15 operating results highlights were:

- EBITDA up 16.8% to \$37.110 million (1H14: \$31.772 million);
- EBIT up 16.2% to \$28.100 million (1H14: \$24.174 million); and
- NPAT up 20.2% to \$18.400 million (1H14: \$15.304 million).

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

Operating & Financial Performance

Underpinning Tassal's overarching strategic focus are four strategic priorities. They are the building blocks of the company's Strategic Plan and provide the sustainable base required to pursue Tassal's next phase of growth:

1. Zero Harm for Everyone, Everywhere
2. Optimise the business
3. Maximise cashflow
4. Deliver acceptable returns

Tassal's operational and financial performance, as assessed against the Company's four strategic priorities, is outlined below:

1. Zero harm

Tassal's Board has endorsed a health and safety strategy that has as its core value **Zero Harm For Everyone, Everywhere**. Tassal's commitment to safety is consistent with the company's focus on maximising shareholder value. Ultimately, no job is so important that it cannot be done safely.

Tassal's safety performance is improving but until the company delivers its core value of Zero Harm – Tassal will rank itself at an **unacceptable level**. The company has charted a path that is expected to see all of its sites achieving the "zero harm" goal by FY2016.

With respect to key developments over 1H15 from a Zero Harm perspective:

- 12 of Tassal's 13 operational sites (92%) achieved Zero Harm targets (1H14: 64%). The company remains fully committed to ensuring all Tassal sites achieve their zero harm goals;
- satisfactory results achieved on all previously established lead & lag indicators from a safety perspective. All indicators are trending in right direction;
- AS 18001 & 4801 accreditation maintained; and
- the "Cultural program" progress supported by an external survey which confirms Tassal's journey to "interdependence" is on track - but not yet complete.

KPIs	1H14	FY15 Target	1H15	Zero Harm
LTIFR	3.50	1.38	0.64	0
Incident rate	0.60	0.25	0.12	0
ATLR	9	3	1	0
MTIFR	38.8	35	35.2	30
Scorecard measure	93.7%	93%	94.4%	92%

1. Definitions:

LTIFR – Lost Time Injury Frequency Rate: (Number of Lost Time Injuries/Total Number of Hours Worked) X 1,000,000 hours

Incident Rate: (Number of Lost Time Injuries/Number of Employees) X 100

ATLR – Average Time Lost Rate: Number of Working Days Lost/Number of Lost Time Injuries)

MTIFR – Medical Treated Injury Frequency Rate: (Number of Medically Treated Injuries/Total Number of Hours Worked) X 1,000,000 hours

2. Optimise the business

Operating results

From an operating results perspective, Tassal's performance reflected the company's continued focus on delivering its overall Strategic Plan priorities and targets.

Tassal is sustainably generating more \$/kg and \$ from its sales initiatives with returns also improving. Management's relentless focus on growing domestic per capita consumption has clearly been shown to be the right strategy. It is important that Tassal continues to drive domestic per capita consumption to maximise the opportunities in the domestic market.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

Tassal's marketing campaign continues to build brand and drive sales in the core domestic wholesale and retail markets.

In parallel with Tassal's focus on growing domestic per capita consumption, Tassal continues to focus on and achieve strong fish performance. This has delivered strong gains in biomass growth, feed conversion and survival which in turn have driven operating cost efficiencies. Tassal's SBP, Harvest Strategy and Project Sweet Spot (i.e. smolt input strategy) are all inextricably linked and fundamental to the company's pursuit of global operational best practice from a fish performance perspective.

Overall, total operating revenue was up 12.3% to \$150.946 million (1H14: \$134.451 million) – with volume up 11.7% to 10,981 hog tonnes (1H14: 9,827 hog tonnes) as set out below:

The key 1H15 operating results highlights included:

- EBITDA up 16.8% to \$37.110 million (1H14: \$31.772 million);
- EBIT up 16.2% to \$28.100 million (1H14: \$24.174 million); and
- NPAT up 20.2% to \$18.400 million (1H14: \$15.304 million).

3. Maximise cash flow

Tassal continues to generate strong cash flows, with the focus on maximising operating cash flow from the business, together with maximising the use of its available funding facilities to ensure the company both invests in fish growth and in the required infrastructure to underpin sustainable growing longer term returns and a responsible capital spend.

Tassal is an agricultural stock and accordingly, the Directors are focussed on ensuring sufficient headroom in facilities to allow Tassal to absorb / risk mitigate the agricultural risk and consider growth opportunities. The Directors believe that the company is appropriately financially and operationally structured to both absorb / risk mitigate the agriculture risk and action growth opportunities.

The key financial highlights for 1H15 were:

- Gearing ratio, as represented by net debt to equity, decreased to 16.8% (31 December 2013: 17.2%); and
- Funding ratio, as represented by net debt + receivable purchase facility to equity, decreased to 32.8% (31 December 2013: 34.1%).

The Directors believe that it is important to reinvest cashflow to make Tassal's business more sustainable, scalable and move closer to global best practice from an operational, financial and strategic perspective.

The Company's 1H15 cashflow was utilised to set up an improved operating and financial performance for 2H15 and beyond:

- Operating cashflow was down \$10.033 million to \$18.928 million (1H14: \$28.961 million). Overall, sustainable contribution margins continue to be generated from domestic market sales. However, the company is focused on optimising fish performance given the financial and operational benefits that increasing fish size delivers to the operational platform
- Investing cashflow decreased by \$2.241 million to \$18.355 million. Forecast cash capex spend is \$37 million for FY2015; and
- Financing activities provided cashflow of \$6.618 million.

Overall, cashflow from operations and financing were predominantly utilised to fund fish growth of \$14.49 million – as set out below:

(A\$m)	1H15	FY14	Change
Biological assets	215.38	188.80	26.58
Inventory	58.30	53.40	4.90
Less AASB141 Impact			(16.99)
Fish growth			14.49

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

Reflecting the Company's strong cashflows, strong balance sheet and attractive growth outlook, the Directors of Tassal increased the company's interim dividend by 27.3%, declaring a 50% franked interim dividend for FY2015 of 7.00 cents per share [1H14: 5.50 cents per share].

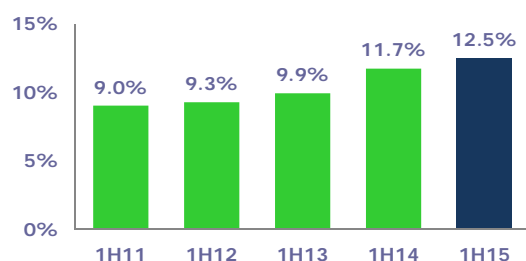
4. Deliver acceptable returns

The overarching strategic focus for Tassal is to deliver sustainable long term shareholder returns. This focus ensures the efficient use of Tassal's underlying asset basis for earnings growth, with the company's aspirational target to generate a statutory Return on Assets of 15%.

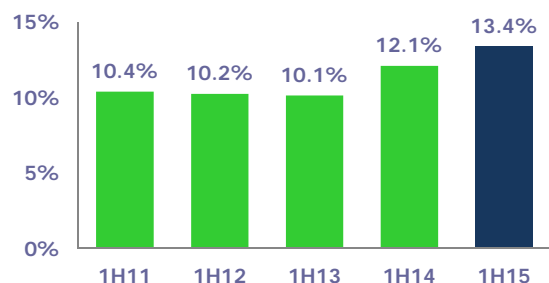
The Board believes that the Company has been successful in mitigating (where possible) the risk of Tassal at both the sales/marketing and fish growing ends of its business, albeit Tassal is still an agricultural stock and further risk mitigation in the hatching and growing ends of the business is warranted.

Tassal has made significant progress towards achieving more acceptable return levels:

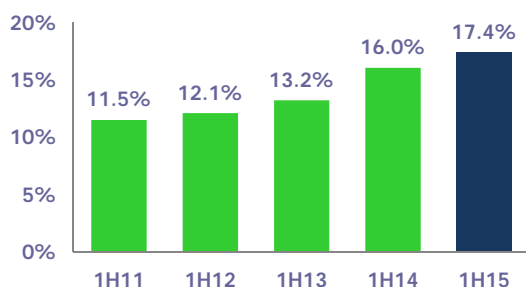
Statutory Return on Assets (Statutory EBIT / Total Assets)



Statutory Return on Equity (Statutory NPAT / Net Assets)



Statutory Return on Capital Employed (Statutory EBIT / Debt + Equity)



Business Fundamentals

The Directors believe that it is important to acknowledge the following fundamentals as they apply to Tassal:

- Tassal's strategy is to **maximise shareholder value** by growing Australian per capita salmon consumption to ensure the optimal balance between sales and marketing and production and processing. This balancing of Tassal's fish biomass is considered critical to ensure that short and long term strategic, operational and financial growth is maximised to enable sustainable earnings growth;

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

- While Tassal has had an evolving sales strategy, the core of this strategy has not changed. Management's core focus is to continue to grow domestic per capita salmon consumption;
- Like other aquaculture and agriculture businesses, salmon farming is a capital intensive industry. Salmon farming is a rolling process and in a steady state of production there will be at least three concurrent Year Class generations at different points in their lifecycle, together with a minimum level of capital expenditure required. With Tassal in a growth mode executing its Strategic Plan, funding has been required not only for the growth of the current production of fish and replacement capital expenditure, but also to fund expansionary fish production and capital expenditure on infrastructure assets;
- Given the production lifecycle of fish, there is a fundamental gap in the capital expenditure, working capital and profit cycles. Accordingly, it is important to apply Accounting Standard AASB 141 'Agriculture' in understanding Tassal's financial results and to ensure consistency in financial comparison and measurement with global aquaculture companies; and
- The Board considers Tassal to be a sustainable aquaculture company from an environmental, operational and financial perspective. Tassal believes that part of its role is as a custodian of the environment – particularly the marine environment. Tassal has achieved Aquaculture Stewardship Council (**ASC**) certification for all of its farm sites – a global first. Tassal has maintained its industry leading position in implementing a sustainability focus throughout the Company. Key to this focus is meaningful communication with all stakeholders, including customers. Tassal's goal is to develop significant environmental and social initiatives led by stakeholder input.
- It is not enough for Tassal to be profitable. Investors, customers, consumers and the public expect Tassal to be socially and environmentally responsible. Tassal understands that community and environmental values are important. Tassal clearly understands that we can and do make a difference. Overall, Tassal is mitigating risk via a focus on sustainability by:
 - implementing best practice infrastructure and fish health capacity;
 - focusing on impact mitigation and stakeholder engagement;
 - forming collaborative, forward focussed research partnerships; and
 - implementing and resourcing compliance, communication, stakeholder, and seal management plans – together with transparency in reporting.
- Tassal has robust **risk mitigation strategies** in place to manage risks in an operational and financial context, however it is still faced with agricultural risk. Risk mitigation, particularly around operational risk in the marine environment is a continuous focus at Tassal, with mitigation planning focussed on both the consequence and likelihood of risks. The key risks are as follows:
 - Summer remains a challenging period in terms of seawater temperature and consequently fish growth and survival, particularly with Tassal's South East Tasmanian sea sites. Summer 2014/15 – particularly seawater temperature - to the date of this report has been as expected. To further risk mitigate summer water temperatures, the focus has been to implement a harvest strategy in South East Tasmania that allows us to harvest fish at a quicker rate and therefore maximise survival of fish and accordingly, maximise fish biomass;
 - Interrelated with summer, Amoebic Gill Disease (AGD) remains a significant issue. The prevalence of and then the subsequent treatment of AGD is heightened in summer and increases with bigger fish. The introduction of the harvest strategy, together with additional fish to be grown in Macquarie Harbour (where there is no AGD) and with 100% of the fish now from a selective breeding program (SBP) – all these measures will greatly assist in mitigating this risk. The SBP is designed to breed a more robust Salmon and remove the requirement of one bath per fish growing cycle; and
 - Seals remain a significant challenge, and are an extremely important environmental and social issue for Tassal and our stakeholders. Seal interactions are increasing year on year. Australian and New Zealand fur seals are protected wildlife and are the natural and rightful inhabitants of the marine environment. Seals are attracted to salmon farms because of food availability and commonly directly interact with our farms by chewing through nets, jumping over handrails and entering the sea pens. Managing seal interactions is a complex, costly and ever changing challenge with no easy answer. We continue to monitor seals and seal interactions extremely closely as effective management of this issue is a matter of critical importance to Tassal, as seal interactions have the potential to impact on employee safety, environmental management practices and fish welfare.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

Outlook for the Full Year to 30 June 2015

At the core of Tassal's growth is the aim of growing domestic per capita salmon consumption – together with optimising supply and demand. The company has also built a world class sustainable production platform from which to further grow its market position, revenue and earnings – both total \$ and \$/kg.

Over the period to 30 June 2015 Tassal will continue to invest capital to make its business even more sustainable and scalable, and move closer to global best practice from an operational, financial and strategic perspective. Ensuring optimal fish performance is fundamental, so with favourable growing conditions the company will continue to ensure fish performance is maximised with responsible investment in feed and other fish performance spending.

Overall, improved statutory and operating earnings are forecast for FY2015, with the company focused on maintaining and growing high value domestic market segments and reducing production costs to optimise both profit and capital/balance sheet returns.

Specifically, the outlook for Tassal for 2H15 and beyond is as follows:

- Delivering acceptable returns – targeting and then maintaining a statutory Return on Assets of 15%:
 - maintain pricing (and increasing where possible)
 - continue to increase domestic market per capita consumption through:
 1. new product development – in particular through a new and innovative way to merchandise, price and brand the fresh portion range for Coles. This format and approach was nationally ranged from mid-January 2015 and has been successfully responded to by shoppers
 2. implementing a truly integrated marketing campaign utilising a combination of “above the line” and “below the line” media and activities/promotions. This integrated campaign will funnel awareness (i.e. salmon being top of mind), consideration (i.e. recipe repertoire and versatility) and purchase (i.e. sale activation) which in turn provides a strong platform for the Tassal and Superior Gold brands to leverage our marketing investment
 - reduce production costs (through increased biomass at Macquarie Harbour and performance of the SBP)
- Increasing production - Tassal has repositioned Smolt Input (Project Sweet Spot) and feed diet strategies to underpin supply growth in 2H15 and onwards. The fish performance for 1H15 was excellent and underpinned the Agriculture uplift of 65.8%, a key forward indicator of performance. Tassal is well positioned to supply fish in 2H15 – particularly the last quarter of FY2015;
- Improving operational cost – Tassal is forecast to move closer to global best practice from an operational perspective – i.e. cost of growing, cost of processing, cost of supply and logistics;
- Increasing infrastructure – Tassal has commenced its next round of expansionary investment to allow supply growth to be balanced with demand. Known as Phase 3 – this expansionary capital spend to FY2020 is focused on hatcheries and lease optimisation. Investments by Tassal in lease optimisation and a new hatchery expansion are fundamental in Tassal delivering on its Board approved Strategic Plan 2025 and delivering on a target minimum statutory return on assets of 15%. Maintenance capex is now around \$20 million per annum;
- Tassal will continue to mitigate agricultural risk through the company's New Harvest Strategy and Smolt Input (Project Sweet Spot) and SBP; and
- Tassal will also continue to implement further sustainability and environmental initiatives.

In order to drive continued sustainable growth from FY2015 on, Tassal will focus on future strategic expansionary programs while continuing to reduce operating costs (i.e. cost of growing, cost of processing, cost of supply and logistics etc.).

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

4. SUBSEQUENT EVENTS

Other than as outlined in note 2 in the notes to the condensed consolidated financial statements, there has not arisen in the interval between the end of the half-year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of Tassal, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in subsequent financial periods.

5. BUSINESS DEVELOPMENT

The Company has and continues to examine a number of business development opportunities to grow the business organically.

6. INDEPENDENCE DECLARATION BY AUDITOR

The auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 13 and forms part of this Directors' Report for the half-year ended 31 December 2014.

7. ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of Directors made pursuant to Section 306 (3) of the Corporations Act 2001.

On behalf of the Directors



A. McCallum
Chairman
Hobart, 12 February 2015

AUDITOR'S INDEPENDENCE DECLARATION

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014



The Board of Directors
Tassal Group Limited
Level 9
1 Franklin Wharf
Hobart TAS 7000

Deloitte Touche Tohmatsu
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12 February 2015

Dear Board Members

Tassal Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tassal Group Limited.

As lead audit partner for the review of the financial statements of Tassal Group Limited for the half-year ended 31 December 2014 I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A blue ink signature, likely of Carl Harris, written in a cursive style.

Carl Harris
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

CONDENSED CONSOLIDATED INCOME STATEMENT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Note	Half-Year Ended 31 Dec 2014	Half-Year Ended 31 Dec 2013
		\$'000	\$'000
Revenue	3 (a)	148,163	131,864
Other income	3 (b)	2,475	2,424
Fair value adjustment of biological assets		14,498	9,534
Fair value adjustment of biological assets at point of harvest		2,495	715
Share of profits / (losses) of associates and jointly controlled entities accounted for using the equity method	5	308	163
Changes in inventories of finished goods and work in progress		2,383	(713)
Raw materials and consumables used		(78,880)	(70,151)
Employee benefits expense		(28,228)	(23,875)
Depreciation and amortisation expense	3 (c)	(9,010)	(7,598)
Finance costs	3 (c)	(2,214)	(2,627)
Other expenses		(9,111)	(7,940)
Profit before income tax expense		42,879	31,796
Income tax expense		(12,584)	(9,318)
Profit for the period		30,295	22,478

	Half-Year Ended 31 Dec 2014	Half-Year Ended 31 Dec 2013
Net tangible asset backing per ordinary share (cents per share)	221.19	199.35
Earnings per ordinary share(EPS) *		
Basic (cents per share)	20.64	15.35
Diluted (cents per share)	20.51	15.24
* Weighted average numbers of ordinary shares on issue used as the denominator in the calculation of EPS		
Number for Basic EPS	146,778,393	146,434,348
Number for Diluted EPS	147,723,766	147,539,316

Notes to the condensed financial statements are included on pages 18 to 26.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Note	Half-Year Ended 31 Dec 2014 \$'000	Half-Year Ended 31 Dec 2013 \$'000
Profit for the period		30,295	22,478
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of property		-	-
Income tax relating to items that will not be reclassified subsequently		-	-
Items that may be reclassified subsequently to profit or loss :			
Gain/(loss) on cash flow hedges		(2)	4
Income tax relating to items that may be reclassified subsequently		(4)	(1)
Other comprehensive income for the period (net of tax)		(6)	3
Total comprehensive income for the period attributed to owners of the parent		30,289	22,481

Notes to the condensed financial statements are included on pages 18 to 26.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Note	As at 31 Dec 2014 \$'000	As at 30 June 2014 \$'000	As at 31 Dec 2013 \$'000
Current Assets				
Cash and cash equivalents		14,847	7,656	18,244
Trade and other receivables		14,473	7,636	7,347
Inventories		58,285	53,407	50,153
Biological assets		215,380	188,784	177,882
Other financial assets		448	448	448
Other		3,258	3,051	3,066
Total Current Assets		306,691	260,982	257,140
Non-Current Assets				
Investments accounted for using the equity method	5	8,588	8,280	7,842
Other financial assets		65	71	76
Property, plant and equipment		233,795	224,957	223,828
Goodwill		14,851	14,851	14,851
Other intangible assets		24,184	24,184	24,184
Other		3,585	3,220	2,942
Total Non-Current Assets		285,068	275,563	273,723
Total Assets		591,759	536,545	530,863
Current Liabilities				
Trade and other payables		55,318	46,099	43,305
Borrowings		25,255	23,186	31,739
Current tax liabilities		1,109	1,500	884
Provisions		5,177	5,922	4,817
Other financial liabilities		262	260	200
Other		34	291	311
Total Current Liabilities		87,155	77,258	81,256
Non-Current Liabilities				
Borrowings		50,506	37,144	43,540
Deferred tax liabilities		88,987	79,145	74,035
Provisions		1,160	1,075	936
Total Non-Current Liabilities		140,653	117,364	118,511
Total Liabilities		227,808	194,622	199,767
Net Assets		363,951	341,923	331,096
Equity				
Issued capital	6	154,647	154,213	154,213
Reserves		10,027	9,914	9,612
Retained Earnings	7	199,277	177,796	167,271
Total Equity		363,951	341,923	331,096

Notes to the condensed financial statements are included on pages 18 to 26.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Ordinary shares	Asset revaluation reserve	Hedging reserve	Equity- settled employee benefits reserve	Retained earnings	Total attributable to owners of the parent
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	154,027	8,615	(143)	930	152,118	315,547
Profit for the period	-	-	-	-	22,478	22,478
Gain/(loss) on cashflow hedge (net of any related tax)	-	-	3	-	-	3
Gain/(loss) on revaluation of property (net of any related tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	3	-	22,478	22,481
Payment of dividends	-	-	-	-	(7,325)	(7,325)
Issue of shares pursuant to Executive Long Term Incentive Plan	186	-	-	(186)	-	-
Recognition of share-based payments	-	-	-	393	-	393
Balance as at 31 December 2013	154,213	8,615	(140)	1,137	167,271	331,096
Balance as at 1 July 2014	154,213	8,615	(182)	1,481	177,796	341,923
Profit for the period	-	-	-	-	30,295	30,295
Gain/(loss) on cashflow hedge (net of any related tax)	-	-	(6)	-	-	(6)
Gain/(loss) on revaluation of property (net of any related tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(6)	-	30,295	30,289
Payment of dividends	-	-	-	-	(8,814)	(8,814)
Issue of shares pursuant to Executive Long Term Incentive Plan	434	-	-	(434)	-	-
Recognition of share-based payments	-	-	-	553	-	553
Balance as at 31 December 2014	154,647	8,615	(188)	1,600	199,277	363,951

Notes to the condensed financial statements are included on pages 18 to 26.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Note	Half-Year Ended 31 Dec 2014	Half-Year Ended 31 Dec 2013
		\$'000	\$'000
Cashflows from Operating Activities			
Receipts from customers		157,860	150,806
Receipts from government grants		-	-
Payments to suppliers and employees		(134,499)	(117,882)
Interest received		152	129
Interest and other costs of finance paid		(2,357)	(2,614)
Income taxes paid		(2,228)	(1,478)
Net cash (used in) / provided by operating activities		18,928	28,961
Cashflows from Investing Activities			
Payment for property, plant and equipment		(18,381)	(20,596)
Proceeds from sale of property, plant and equipment		26	-
Net cash (used in) investing activities		(18,355)	(20,596)
Cashflows from Financing Activities			
Proceeds from borrowings		23,145	10,671
Repayment of borrowings		(7,713)	(8,465)
Dividends paid to members of the parent entity		(8,814)	(7,325)
Net cash (used in) / provided by financing activities		6,618	(5,119)
Net increase / (decrease) in cash and cash equivalents		7,191	3,246
Cash and cash equivalents at the beginning of the Half-Year		7,656	14,998
Cash and cash equivalents at the end of the Half-Year	8	14,847	18,244

Notes to the condensed financial statements are included on pages 18 to 26.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

1. Summary of accounting policies

a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the financial year ended 30 June 2014, together with any public announcements made by Tassal Group Limited and its controlled entities during the half-year ended 31 December 2014, in accordance with the continuous disclosure requirement of the Listing Rules of the Australian Securities Exchange.

The half-year financial report was authorised for issue by the Directors on 12 February 2015.

b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except if relevant, for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

c) Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014, other than as detailed below. Where appropriate figures for the comparative period have been restated to make them comparable with the disclosures adopted for the half-year ended 31 December 2014. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

d) Adoption of new and revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part C: 'Materiality'
- Interpretation 21 'Levies'

Impact of the application of AASB 1031 'Materiality' (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Company's condensed consolidated

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014
financial statements.

Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

The Company has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Company does not have any assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's condensed consolidated financial statements.

Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

The Company has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.

The application of these amendments does not have any material impact on the disclosures in the Company's condensed consolidated financial statements.

Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Company's condensed consolidated financial statements.

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards' Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle'

The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 2(i) change the definitions of 'vesting condition' and 'market condition', and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Part C: 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Company's condensed consolidated financial statements.

Impact of the application of Interpretation 21 'Levies'

The Company has applied Interpretation 21 'Levies' for the first time in the current year. Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

Interpretation 21 has been applied retrospectively. The application of this Interpretation does not have any material impact on the disclosures or on the amounts recognised in the Company's condensed consolidated financial statements.

2. Subsequent events

Interim dividend declared

On 12 February 2015 the Directors declared an interim dividend of \$10.283 million (7.00 cents per ordinary share) in respect of the half-year ended 31 December 2014. The interim dividend will be 50% franked. The interim dividend has not been recognised in this half-year report because the interim dividend was declared subsequent to 31 December 2014. The record date for determining entitlements to this interim dividend is 17 March 2015. The interim dividend will be paid on 31 March 2015.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Note	Half-Year Ended 31 Dec 2014	Half-Year Ended 31 Dec 2013
		\$'000	\$'000
3. Profit from operations			
Profit from operations before income tax expense includes the following items of revenue and expense:			
(a) Revenue			
Revenue from the sale of goods		148,006	131,729
Interest revenue		152	129
Rental revenue		5	6
Total revenue		148,163	131,864
(b) Other Income			
Gain/(loss) on disposal of property, plant and equipment		36	-
Government grants received		967	1,065
Other		1,472	1,359
Total other income		2,475	2,424
(c) Expenses			
Depreciation of non-current assets		8,995	7,583
Amortisation of non-current assets		15	15
Total depreciation and amortisation		9,010	7,598
Interest – other entities		1,421	1,573
Finance lease charges		793	1,054
Total finance costs		2,214	2,627

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Half-Year Ended 31 December 2014		Financial Year Ended 30 June 2014		Half-Year Ended 31 December 2013	
	Cents per share	Total \$'000	Cents per share	Total \$'000	Cents per share	Total \$'000
4. Dividends						
(a) Recognised amounts						
Fully paid ordinary shares:						
Interim dividend paid in respect of current financial year	-	-	5.50	8,058	-	-
Final dividend paid in respect of prior financial year	6.00	8,814	5.00	7,325	5.00	7,325
	6.00	8,814	10.50	15,383	5.00	7,325

On 19 August 2014, the Directors declared a final dividend of \$8.814 million (6.00 cents per ordinary share) in respect of the financial year ended 30 June 2014. The dividend was 50% franked and paid on 29 September 2014.

(b) Unrecognised amounts

Fully paid ordinary shares:

Interim dividend in respect of current financial year	7.00	10,283	-	-	5.50	8,058
Final dividend in respect of current financial year	-	-	6.00	8,814	-	-
	7.00	10,283	6.00	8,814	5.50	8,058

On 12 February 2015, the Directors declared an interim dividend of \$10.283 million (7.00 cents per ordinary share) in respect of the half-year ended 31 December 2014. The interim dividend will be 50% franked. The record date for determining entitlements to this dividend is 17 March 2015. The interim dividend will be paid on 31 March 2015.

The interim dividend in respect of ordinary shares for the half-year ended 31 December 2014 has not been recognised in this Half-Year report because the interim dividend was declared subsequent to 31 December 2014.

No portion of the interim dividend declared for the half-year ended 31 December 2014 constitutes Conduit Foreign Income.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

5. Investments accounted for using the equity method

Name of Entity	Principal activity	Ownership Interest		Contribution to Net Profit		Carrying Value of Investment	
		Half-Year Ended 31 Dec 2014	Half-Year Ended 31 Dec 2013	Half-Year Ended 31 Dec 2014	Half-Year Ended 31 Dec 2013	Half-Year Ended 31 Dec 2014	Half-Year Ended 31 Dec 2013
		%	%	\$'000	\$'000	\$'000	\$'000
Associates:							
Salmon Enterprises of Tasmania Pty Ltd (i)	Atlantic salmon hatchery	68.94	68.94	308	163	8,588	7,842
				308	163	8,588	7,842

- (i) The Consolidated entity owns 68.94% (2013: 68.94%) of the issued capital and 61.22% (2013: 61.22%) of the voting shares of Salmon Enterprises of Tasmania Pty Ltd ("Saltas"). Saltas supplies smolt to the Tasmanian aquaculture industry.

The Board has concluded that despite the ownership interest and voting rights held by the consolidated entity, the consolidated entity does not control Saltas. The consolidated entity only has the power to appoint one out of four Directors on the Board of Saltas. Given the consolidated entity's involvement on the Board of Saltas, the Board has concluded it has significant influence.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Note	As at 31 December 2014 Number	\$'000	As at 31 December 2013 Number	\$'000
6. Issued capital					
(a) Ordinary share capital (fully paid)					
Ordinary shares		146,897,115	154,647	146,507,029	154,213
(b) Movements in ordinary share capital					
Balance as at the beginning of the half-year		146,507,029	154,213	146,304,404	154,027
Issue of shares pursuant to Executive Long Term Incentive Plan	(i)	390,086	434	202,625	186
Balance as at the end of the half-year		146,897,115	154,647	146,507,029	154,213

- (i) Shares issued pursuant to the Company's Executive Long Term Incentive Plan

Current Financial Year

On 26 August 2014, 390,086 ordinary shares were issued pursuant to the Company's Long Term Incentive Plan at an issue price of \$1.1120 per share. There was no exercise price paid on this conversion.

Previous Financial Year

On 5 September 2013, 202,625 ordinary shares were issued pursuant to the Company's Long Term Incentive Plan at an issue price of \$0.9177 per share. There was no exercise price paid on this conversion.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

	Note	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000	As at 31 December 2013 \$'000
7. Retained earnings				
Balance at the beginning of the period		177,796	152,118	152,118
Profit attributable to members of the parent entity		30,295	41,061	22,478
Dividends provided for or paid	4	(8,814)	(15,383)	(7,325)
Balance at the end of the period		199,277	177,796	167,271

8. Notes to the condensed consolidated statement of cashflows

Reconciliation of cash

For the purposes of the Condensed Consolidated Statement of Cashflows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the period as shown in the Condensed Consolidated Statement of Cashflows is reconciled as follows:

	As at 31 December 2014 \$'000	As at 31 December 2013 \$'000
Cash	14,847	18,244
Bank overdrafts	-	-
	14,847	18,244

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

9. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets at the date of this half-year report.

10. Seasonality

The consolidated entity's principal activities, being the farming, processing and marketing of Atlantic Salmon are not generally subject to material or significant seasonal fluctuations.

11. Segment information

AASB 8 '*Operating Segments*' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Tassal's system of internal reporting to key management personnel is such that there is only one reportable segment as defined in AASB 8, this being the sale of finfish.

DIRECTORS' DECLARATION

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014

The Directors declare on 12 February 2015 that:

- a) 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; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'A. McCallum', followed by a small horizontal line.

A. McCallum
Chairman
Hobart, 12 February 2015

INDEPENDENT REVIEW REPORT

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2014



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Independent Auditor's Review Report to the Members of Tassal Group Limited

We have reviewed the accompanying half-year financial report of Tassal Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 13 to 27.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tassal Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tassal Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tassal Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carl Harris
Partner
Chartered Accountants
Hobart, 12 February 2015

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