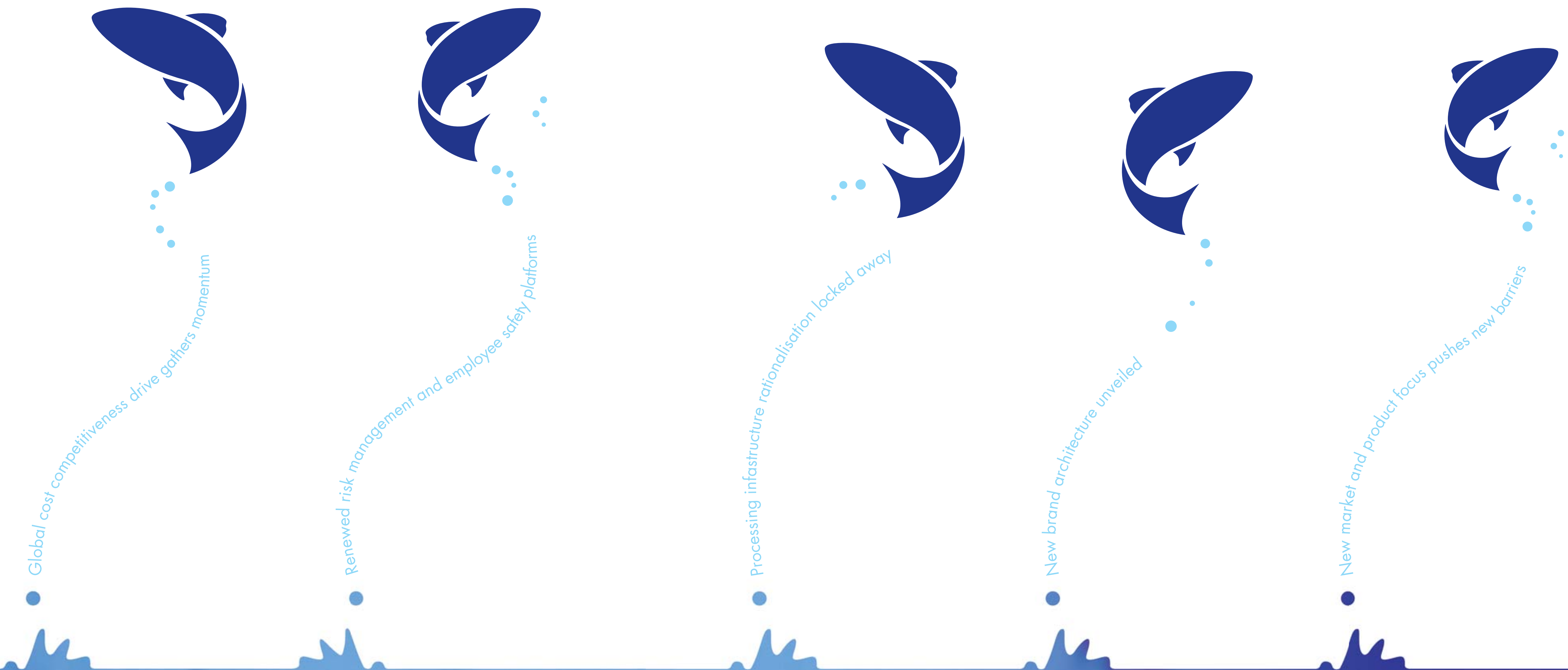
A major leap forward for the Tassal Group

Tassal Group Limited
2005 Annual Report

tassal™
PURE TASMANIA

2005:
The Year's Highlights

- Continued focus on further reducing operating costs in both marine and processing environment to optimise both financial and operational resources.
- Workplace risk and safety improvement platforms implemented to ensure that Tassal Group effectively mitigates employee risk.
- Aquatas Pty Ltd acquired and the process of unlocking the underlying synergies is well progressed.
- Rationalisation program initiated across all business units to underpin future business profitability.
- FY2005 was characterised by a challenging market environment in the first 6 months. To effectively deal with this market environment we progressed the Aquatas Pty Ltd acquisition and put in place further cost reduction initiatives to record a solid result for FY2005.
- Turnover and "pre SGARA and DOA" profit performance uplift on prior year.
- Improved dividend return to shareholders.



2006:
Priority Initiatives

Marine Initiatives

Focus on marine infrastructure and process consolidation, together with improved fish husbandry and feed management practices to drive improved fish size and survival, which in turn underpins a reduction in the cost of marine production.

Health and Safety Initiatives

Continued improvements in safety performance will be driven across all business units, to build on the gains made in 2005.

Process Initiatives

Continued rationalisation initiatives and efficiency gains in processing through improved fish harvest biomass, the closure of processing facilities, ongoing automation and an improvement in processing flow.

Revenue Initiatives

Focus on the implementation of a refined branding strategy to rationalise the Tassal Group's range of brands and utilise "Tassal – Pure Tasmania" as the "hero" brand.

Market Initiatives

A renewed search for new markets and products both domestically and in export markets.

Contents

Tassal Group Limited and Controlled Entities

Company Directory

Tassal Group Limited and Controlled Entities

Directors

Allan McCallum, Dip.Ag Science, MAICD (Chairman)
Charles Bright, BA, MA (Oxon)
Jill Monk, B.Arts, B.Laws, FAICD
Roderick Roberts, B.Ec, MBA, FAICD
Maurice Van Ryn, B.Bus
John Watson, AM, MAICD

Chief Executive Officer

Mark Andrew Ryan
B.Com, ACA

Company Secretary

Nicholas Jon Burrows
B.Com, FCIS, ACA, ASIA, CFTP, MAICD

Registered Office

191 Glen Road
Huonville Tasmania 7109
Telephone (03) 6264 7000
Facsimile (03) 6264 7010
E-mail tassal@tassal.com.au
Website www.tassal.com.au
ABN: 15 106 067 270

Principal Administrative Office*

100 -104 Mornington Road
Mornington Tasmania 7018
Telephone (03) 6244 9099
Facsimile (03) 6245 9315
(*Also principal place of business)

Auditors

Deloitte Touche Tohmatsu
22 Elizabeth Street
Hobart Tasmania 7000

Bankers

Australia and New Zealand Banking Group Limited
198 Sandy Bay Road
Sandy Bay Tasmania 7005

Solicitors

Murdoch Clarke
10 Victoria Street
Hobart Tasmania 7000

Page Seager
162 Macquarie Street
Hobart Tasmania 7000

Gadens Lawyers
Level 25 Bourke Place
600 Bourke Street
Melbourne Victoria 3000

Stock Exchange Listing

The Company is listed on the Australian Stock Exchange.
The Home Exchange is Melbourne, Victoria.
ASX Code: TGR

Share Registry

Register of Securities is held at the following address:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

Enquiries (within Australia)	1300 850 505
Enquiries (outside Australia)	61 3 9415 4000
Investor Enquiries Facsimile	61 3 9473 2555
Website	www.computershare.com

Executive Directory

Mark Ryan	Chief Executive Officer
Nicholas Burrows	Company Secretary General Manager – Finance and Administration
Mark Asman	General Manager – Marine Operations
Matthew Green	General Manager – Operations
Dale Williams	General Manager – Domestic and Export Markets

Chairman's and Chief Executive Officer's Report

Tassal Group Limited and Controlled Entities

Results and Performance Overview

On behalf of the Directors, we are pleased to submit Tassal Group Limited's ("Tassal") second Annual Financial Report covering the financial year ended 30 June 2005, in which Tassal reported a net profit after tax of $6.344 million. A pre SGARA [Australian Accounting Standard AASB 1037 "Self-generating and Regenerating Assets" (SGARA)] net profit after tax of $5.325 million was reported as compared with a pre-SGARA and DOA [Discount on Acquisition ("DOA")] net profit after tax of $3.904 million for the financial period 5 September 2003 to 30 June 2004 [refer to note 1(b)].

A "normalised" pre SGARA and DOA net profit after tax of $5.801 million was achieved after backing out the after tax impact of non-recurring items associated with the acquisition of Aquatas Pty Ltd ("Aquatas").

The non-recurring items incurred related to restructuring and redundancy costs totalling $0.665 million before tax, or $0.476 million after tax. These items were a direct result of rationalising marine operations, processing facilities, sales and marketing departments and general administration to improve both financial and operating efficiencies and profitability and to deliver on the synergies that underpinned the Aquatas acquisition.

The Directors of Tassal Group Limited have declared an unfranked final dividend of 2.5 cents per share.

Tassal's consolidated revenue from ordinary activities was reported at $157.389 million. This translated into pre SGARA revenue of $96.667 million which compares to a pre SGARA and DOA revenue of $59.671 million for the financial period to 30 June 2004.

Earnings before interest and tax ("EBIT") on a pre SGARA basis was $10.398 million as compared to the financial period to 30 June 2004 with a pre SGARA and DOA EBIT value of $4.413 million.

Cashflow from operating activities was significantly utilised to underpin the growth of fish inventory which, in turn, will underpin future profitablity.

Earnings per share ("EPS") on a weighted average basis was recorded at 6.99 cents per share. Pre SGARA EPS was recorded at 5.87 cents per share, as compared to the financial period to 30 June 2004 of pre SGARA and DOA 4.76 cents per share.

The Aquatas acquisition was completed on 18 March 2005 and accordingly, earnings from this acquisition were included within Tassal Group Limited consolidated earnings from that date. In accordance with the Merger Agreement, Tassal issued 27,718,894 fully paid ordinary shares to Webster Limited and assumed additional debt of $10.759 million in exchange for all the issued shares in the capital of Aquatas.

Following Completion, Webster Limited now holds 25% of all Tassal shares on issue.

Key Financial Performance Indicators

For clarity, the table below reports the key consolidated financial performance indicators for the financial year to 30 June 2005 and for the financial period to 30 June 2004 before and after accounting for SGARA and DOA.

	30 June 2005 Pre SGARA and DOA[1] $'000	30 June 2005 Post SGARA and DOA $'000	30 June 2004 Pre SGARA and DOA[1] $'000	30 June 2004 Post SGARA and DOA $'000
Revenue from ordinary activities [3,4]	96,667	157,389	59,671	102,789
EBITDA	11,332	12,351	6,375	13,913
EBIT	10,398	11,417	4,413	11,951
Profit before income tax (expense) / benefit	7,435	8,454	3,076	10,614
Income tax (expense) /benefit [2]	(2,110)	(2,110)	828	828
Net profit after income tax (expense) / benefit	5,325	6,344	3,904	11,442
Basic earnings per share (cents) [5]	0.0587	0.0699	0.0476	0.1395

1. These figures have not been adjusted to reflect the impact of Discount on Acquisition ("DOA") or SGARA* adjustments in order to present a comparable view of earnings for the respective reporting periods. [*Australian Accounting Standard AASB 1037 "Self-generating and Regenerating Assets" ("SGARA")].
2. For the period to 30 June 2004, the income tax benefit principally relates to permanent differences arising from accounting for the business acquisition from Tassal Limited (Receivers and Managers Appointed).
3. Australian Accounting Standard AASB 1037 "Self-generating and Regenerating Assets" (SGARA) requires any increment in the net market value of SGARA to be included in revenue. The impact of this is an uplift of $60.722 million in revenue from ordinary activities for the period to 30 June 2005. [2004: uplift of $35.497 million.]
4. Further, for the period to 30 June 2004, a DOA of $14.063 million arose on the acquisition of the business of Tassal Limited (Receivers and Managers Appointed). Under current Australian Accounting Standards this discount must be written off immediately to non-monetary assets (being inventory, property plant and equipment and investments) on a pro-rata basis. Following the allocation of the DOA to the non-monetary assets acquired, and the application of the Australian Accounting Standard AASB 1037 "Self-generating and Regenerating Assets" ("SGARA"), which requires SGARA inventory to be revalued back to its net market value, a revaluation of $7.621 million has been reflected in the Statement of Financial Performance as an uplift in the net profit.
5. The acquisition of Aquatas Pty Ltd occurred on 18 March 2005 with the issue of 27,718,894 shares.

Overview

The Board of Tassal Group Limited is pleased with the Company's result for the period. The 2005 financial year was characterised by a challenging market environment in the first 6 months. To effectively deal with this market environment, the Directors pursued the acquisition of Aquatas (completed on 18 March 2005) and put in place further cost reduction initiatives to record a solid result for the financial year.

Tassal expects to achieve a substantial increase in both financial and operational performance in the coming financial year due to both the acquisition of Aquatas and the resulting forecast underlying synergies, together with the significant improvements Tassal has made in its core marine and processing operations. Tassal has substantially reduced both its growing and processing costs with the benefits of these cost reductions to be reflected in the 2006 and 2007 financial years and then on an ongoing basis.

Tassal proactively pursued improvements in management of both workplace risk and safety performance throughout the financial year. Lost time injury rates during the peak processing period showed a pleasing 26% improvement over the prior reporting period.

The strategic plan for Tassal is:

- to be globally cost competitive in the production of salmon; and
- to position Tassal to become Australia's leading producer, distributor, seller and marketer of quality seafood products.

Successful implementation of these strategies will enable economically profitable growth domestically and ultimately in regional Asian and Pacific markets. This will be achieved by:

- Increased fish size;
- Lower feed conversion ratios;
- Improved survival rates;
- Increased processing throughput and efficiencies;
- Rationalisation of sites and plant; and
- Cost reduction and other acquisition synergies.

Financial Review

Cashflow from operating activities was significantly utilised to underpin growth of the fish biomass which, in turn, will underpin future profitability. Tassal has net interest bearing debt at 30 June 2005 of $50.709 million and a debt to equity ratio of 67.9%. This is in line with the previous period to 30 June 2004 of a debt to equity ratio of 59.5%.

Outlook for the Full Year to 30 June 2006

Tassal is looking forward to a higher operating result and net profit after tax for the 2006 financial year.

The integration of Tassal and Aquatas is proceeding smoothly and ahead of schedule. There has been a significant reduction (115) in the number of full-time equivalent employees and management is well progressed on achieving the synergies identified as $9 million (as outlined in the Notice of Meeting and Explanatory Memorandum for the General Meeting to approve the Aquatas merger held on 17 March 2005). The synergies are resulting from:

- Reduced employee numbers;
- Increased geographic diversification, leading to reduced risk and enhanced fish husbandry practices;
- Improved fish survival and feed conversion performance driving larger fish size and enabling greater market penetration opportunities;
- Increased economies of scale, leading to lower feed, packaging and freight; and
- General cost reductions from the rationalisation of processing, management and administrative functions.

Tassal remains satisfied that the improved operational performance demonstrated prior to the Aquatas acquisition is sustainable. Together with unlocking the aforementioned synergies, Tassal has set in place a capital expenditure program for the next two years that accommodates both the growth in the biomass for salmon and trout, allows for the rationalisation of the processing facilities and drives further efficiencies and profitability.

With Tassal positioning to be globally cost competitive, together with it attracting a market premium for its product, we should see increasing returns from both the domestic and export markets.

Priorities for the Year Ahead

Tassal continues to proactively pursue a number of priorities and initiatives to underpin and improve business performance:

- Operational Initiatives - Tassal is focussed on marine infrastructure and process consolidation, together with improved fish husbandry and feed management practices to drive improved fish size and survival, underpinning a reduction in the cost of production.
- Health and Safety Initiatives – Continued improvements in safety performance will be driven across all business units, to build on the gains made in 2005.
- Processing Initiatives - Continued rationalisation initiatives and efficiency gains in processing through an improved biomass, closure of processing facilities, increase in automation and improvement in processing flow techniques.
- Revenue Initiatives – Tassal is focussed on the implementation of its refined branding strategy. The primary objective is to rationalise its range of brands and utilise "Tassal – Pure Tasmania" as the "hero" brand. It is likely that the "hero" brand and brand rationalisation will be complete by 1 January 2006.
- Market Initiatives - A renewed search for new markets and products both domestically and in export markets, which will be focussed on exploiting the current price premium that Tassal enjoys in both markets.

Board Changes

The Board wishes to thank the Company's previous Chairman, Mr David Williams and also Mr Max Fremder, for their significant contributions in purchasing Tassal out of receivership and assisting it to become the pre-eminent Australian aquaculture company in such a short time. Both Mr Williams and Mr Fremder retired during the financial year.

The Board also wishes to thank Mr Greg Hunt who served as a Director from 18 March 2005 to 30 July 2005.

The Board welcomes Mr Rod Roberts and Mr Charles Bright as Directors and looks forward to working with them to further the Company's profitable future development.

We also wish to thank our employees, customers, suppliers and shareholders who, through their continued support and confidence have allowed us to push forward with our vision and strategy.

A. D. McCallum
Chairman

M. A. Ryan
Chief Executive Officer

Corporate Governance Statement

Tassal Group Limited and Controlled Entities

The Board of Directors of the Company (the Board) is responsible for the corporate governance of the Company and its controlled entities. Corporate governance is a matter of high importance in the Company and is undertaken with due regard to all of the Company's stakeholders and its role in the community.

The Australian Stock Exchange Limited (ASX) Listing Rules require a listed company to provide in its Annual Financial Report a statement of the main corporate governance practices that it had in place during the reporting period. The ASX Listing Rules also require a listed company to report any instances where it has failed to follow the recommendations issued by the ASX Corporate Governance Council ("Principles of Good Corporate Governance and Best Practice Recommendations") and the reasons for not following them.

The best practice recommendations of the ASX Corporate Governance Council ("ASX CGC") are differentiated between ten core principles that the ASX CGC believes underlie good corporate governance.

The Board has an approved corporate governance policy and framework in place, which is premised upon compliance with these ten core principles. Tassal has again reviewed its policies and practices against the "Principles of Good Corporate Governance and Best Practice Recommendations" published by the ASX CGC. In general, these policies have not changed from those outlined in last year's Annual Financial Report, though further refinements continue to be made. The Company's Corporate Governance Framework is available on the Company's website (www.tassal.com.au). Unless explicitly stated otherwise, the Directors believe the Company complies with the core principles. The following provides an overview of the Company's position with respect to each principle.

Lay Solid Foundation for Management and Oversight

ASX CGC principle 1
The ASX CGC recommends that the Board recognise and publish the respective roles and responsibilities of the Board and management. This should be designed to:

- enable the Board to provide strategic guidance for the Company and effective oversight management;
- clarify the respective roles and responsibilities of Board members and senior executives in order to facilitate Board and management accountability; and
- ensure a balance of authority so that no single individual has unfettered powers.

The Board has adopted a Board Charter which clearly outlines the role of the Board, has developed separate role statements for the Chairman and Chief Executive Officer and implemented a policy prescribing the delegated and reserved powers of the Board.

The Board Charter describes the Board's role and responsibilities and regulates internal Board procedure. The Board has responsibility to work to enhance the value of the Company in the interests of the Company and its shareholders.

In summary, the Board:

- is engaged in active and continuous strategic planning, including the approval of transactions relating to acquisitions and divestments and capital expenditure above delegated authority limits;
- reviews, approves and monitors the corporate strategy and annual operating plan, including the capital expenditure and operating budget and reviews performance against strategic objectives;
- assesses business opportunities and risks on an ongoing basis and oversees the Company's internal control and accountability systems;
- monitors the Company's risk management framework to ensure that established policies, guidelines and controls are implemented through a scheduled program of audits and reviews;
- ensures that appropriate financial reporting is provided to the Board on a monthly, quarterly and annual basis;
- appoints (and has the authority to remove) the Chief Executive Officer and approves with the guidance of the Remuneration and Nominations Committee, performance based remuneration recommendations for the Chief Executive Officer and his direct reports;
- oversees succession planning for the Chief Executive Officer and senior executives;
- monitors and approves the Company's dividend policy; and
- makes decisions concerning the most appropriate capital structure for the Company.

To discharge its role the Board meets regularly, usually on a monthly basis, to review the performance of the Company against its goals, both financial and non-financial. Prior to the scheduled monthly Board meetings, each Board member is provided with a formal Board package containing appropriate operational and financial reports.

The responsibilities of the senior executive, including the Chief Executive Officer, are also contained in letters of appointment and detailed position descriptions given to each executive on appointment.

The Chairman, Chief Executive Officer and Company Secretary establish meeting agendas to ensure adequate coverage of key issues during the year. In addition, workshops and strategy meetings take place. Executives regularly attend Board meetings and are also available to be contacted by Directors between meetings.

To enhance efficiency, the Board has delegated some of its powers to the Chief Executive Officer and his direct reports. The terms of the delegation by the Board to the Chief Executive Officer are clearly documented. The Chief Executive Officer has, in some cases, formally delegated certain authorities to his direct reports and has established a formal process for his direct reports to sub-delegate certain authorities.

[ASX CGC Best Practice Recommendation 1.1]

Structure the Board to Add Value

ASX CGC principle 2
The ASX CGC recommends that the Board be structured in such a way that it:

- is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has a proper understanding of and competence to deal with, the current and emerging issues of the business; and
- can effectively review and challenge the performance of management and exercise independent judgement.

To achieve best practice the ASX CGC recommends that:

- a majority of the Board be "independent" Directors;
- the Chairperson be an "independent" Director;
- the role of the Chairperson and Chief Executive Officer should not be exercised by the same individual; and
- the Board should establish a nomination committee.

The Board is conscious of the need to have independent Directors but must also ensure that Board members can add value in the context of Tassal's business. Therefore, the Board will seek to ensure that the Board comprises Directors who have a strong understanding of Tassal's business. The names and qualifications of the Directors of the Company in office at the date of this report are outlined in the Directors' Report.

To assist in judging whether a Director is independent for the purposes of services on the Board and Board Committees, the Board has adopted a Policy on Independence. Directors are required to provide all relevant information to allow a regular assessment of independence. The fundamental premise of the policy is that an independent Director must be independent of management and free to exercise his or her unfettered and independent judgement.

The Directors considered by the Board to constitute independent Directors are identified, along with their period in office, in the Directors' Report.

The Company presently has six Non-Executive Directors, four of whom including the Chairman, are considered by the Board to be independent in terms of the ASX CGC's definition of independent Director. The Chief Executive Officer is not a Director of the Company. The Board is accordingly comprised of a majority of independent Directors.

The Board also has, however, adopted a number of measures outlined in its Board and Board Committee Charters to ensure that independent judgement is achieved and maintained in respect of its decision making processes, which include the following:

- Directors are entitled to seek independent professional advice at the Company's expense, subject to the approval of the Chairman, or in his absence, the Board;
- Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board Meeting before commencement of discussion on the topic; and
- Non-executive Directors confer on a needs basis without management in attendance.

The Board is balanced in its composition with each current Director bringing a range of complementary skills and experience to the Company as indicated in the Directors' Report section of this Annual Financial Report.

To assist the Board in discharging its responsibilities, the Board has established a Remuneration and Nominations Committee and an Audit and Risk Committee.

Both these Committees have formal Charters which have been approved by the Board. These Charters reflect the Board's policy that Board Committees should:

- be chaired by a Non-Executive Director;
- comprise a majority and at least three Non-executive Directors;
- be entitled to obtain independent professional or other advice at the cost of the Company; and
- be entitled to obtain such resources and information from the Company, including direct access to employees of and advisors to the Company, as they may require.

From a Board composition and structure perspective, the Remuneration and Nominations Committee is charged with the responsibility of reviewing the composition, tenure, performance and membership of the Board and Board Committees and to make recommendations on new appointments to ensure that the Board comprises individuals best able to discharge the responsibilities of Directors having regard to the law and the highest standards of governance.

The procedures for the appointment and removal of Directors are ultimately governed by the Company's constitution. The Board has delegated to the Remuneration and Nominations Committee the responsibility for recommending to the Board candidates to be nominated to act as Director. Where appropriate, external consultants are used to access a wide base of potential candidates and to review the suitability of candidates for appointment based on formally adopted criteria for Director selection.

All Directors have received formal letters of appointment setting out the key terms and conditions of their appointment and consistent with the Board Charter, undertake an appropriate induction program.

The Board is committed to the ongoing development of both individual Directors and the Board as a whole, undertaking to conduct an annual evaluation of its performance that:

- compares the performance of the Board with the requirements of its Charter;
- sets forth goals and objectives of the Board for the upcoming year; and
- effects any improvement to the Board Charter deemed necessary or desirable.

[ASX CGC Best Practice Recommendations 1.1, 2.1, 2.2, 2.3, 2.4]

Promote Ethical and Responsible Decision Making

ASX CGC principle 3
The ASX CGC recommends that the Company should:

- clarify the standards of ethical behaviour required of Directors and executives and encourage the observance of those standards; and
- publish its position concerning the issue of Board and employee trading in Company shares.

To achieve best practice the ASX CGC recommends that the Board establish a code of conduct to guide the Directors and senior executives as to:

- the practices necessary to maintain confidence in the Company integrity; and
- the responsibility and accountability of individuals for reporting and investigating reports or unethical practices.

The Company expects all its employees and Directors to maintain the highest ethical standards. Tassal's "Corporate Code of Conduct and Business Ethics" establishes the framework by which all employees are expected to conduct their professional lives by facilitating behaviour and decision making that meets Tassal's business goals and is also consistent with Tassal's values, policies and legal obligations.

The Corporate Code of Conduct and Business Ethics is available to Tassal employees via the Company's intranet.

The Code addresses, among other things:

- ethical conduct and expected behaviours;
- conflicts of interest and confidentiality;
- trading in shares;
- privacy;
- giving and receiving of gifts;
- corporate opportunities;
- the proper use of Tassal's assets and infrastructure, compliance with laws and Company policy; and
- reporting issues regarding breaches of the Code, legal obligations or other Tassal policies.

Tassal also has a Directors' Code of Conduct which addresses similar topics and establishes the behaviour framework expected of Directors. The Board supports the Code of Conduct issued by the Australian Institute of Company Directors.

The Company has a share trading policy which restricts the times and circumstances in which Directors, senior executives and certain employees may buy or sell shares in the Company. Trading is limited to specified short periods (six weeks) after announcements are made to the ASX of the Company's half yearly and annual financial results.

However and pursuant to the policy, a Director or senior executive must not:

- deal in the Company's securities at any time when he or she is in possession of insider information;
- engage in short term trading of the Company's securities;
- deal in the Company's securities within the designated "blackout" periods; and
- deal in the Company's securities without advising the Board before commencing the transaction.

Directors must advise the Company which in turn advises the ASX, of any transactions conducted by them in the Company's securities within five business days after the transaction occurs.

[ASX CGC Best Practice Recommendations 3.1, 3.2, 10.1]

Safeguard integrity in Financial Reporting

ASX CGC principle 4
The ASX CGC recommends that the Company have a structure to independently verify and safeguard the integrity of the Company's financial reporting. It recommends that a Company put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Company's financial position, including, for example, review and consideration of the accounts by the Audit Committee and a process to ensure the independence and competence of the Company's external auditors.

To achieve best practice the ASX CGC recommends that the Board:

- require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- establish an Audit Committee with a formal charter; and
- structure the Audit Committee so it consists of:
  - only Non-executive Directors;
  - a majority of independent Directors;
  - an independent Chairperson, who is not Chairperson of the Board; and
  - at least three members.

Tassal's Chief Executive Officer and the Company Secretary report in writing to the Board at each half-year and full-year that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.

The Board has established an Audit and Risk Committee with a formally adopted charter.

The members of the Audit and Risk Committee at the date of this Annual Financial Report are:

- Mr M. Van Ryn (Chairman of the Committee and independent Non-executive Director);
- Mr R. Roberts (Non-executive Director); and
- Mr J. Watson (independent Non-executive Director).

The qualifications of Committee members together with details of the number of Committee Meetings held during the year and attendance by Directors who were members of the Committee are set out in the Directors' Report.

Tassal's Audit and Risk Committee complies with the ASX CGC's best practice recommendations and is structured so that:

- it comprises at least three members, with where possible, at least one member with an appropriate depth of experience in accounting or finance;
- all Committee members are Non-executive Directors, with the majority (including the Chairman of the Committee) being independent; and
- the Chairman of the Board is not a member of the Committee.

The Audit and Risk Committee's role, responsibilities and membership requirements are documented in the Audit and Risk Committee Charter.

The Committee Charter outlines the principal functions of the Audit and Risk Committee, which are to:

- assist the Board in the discharge of its responsibilities in respect of the preparation of the Company's financial statements, in particular, reviewing the external financial reporting and then recommending, if appropriate, that the Board adopt the external financial reporting;
- assist the Board in the discharge of its responsibilities in respect to the Company's internal controls, in particular, assessing their adequacy after consultation with management and the auditors;
- ensure that policies and processes exist to effectively identify, manage and monitor principal business risks and review the Company's risk profile;
- recommend to the Board nominees for appointment as external auditors;
- review the scope of the audit, the level of audit fees, independence of and performance of the external auditors;
- provide a line of communication between the Board and the external auditors; and
- review and discuss the reports prepared by the external auditors ensuring that the external lead audit partner and concurring review partner (or equivalents) are rotated off the Company's audit after no more than five years and are not reassigned to the Company's audit for at least five years.

[ASX CGC Best Practice Recommendations 4.1, 4.2, 4.3, 4.4]

Make Timely and Balanced Disclosure

ASX CGC principle 5
The ASX CGC recommends that a Company promote timely and balanced disclosure of all material matters concerning the Company. It recommends that it put in place mechanisms designed to ensure all investors have equal and timely access to material information concerning the Company (including its financial situation, performance, ownership and governance) and that a Company's announcements are factual and presented in a clear and balanced way. Written policies and procedures should be designed to ensure compliance with ASX Listing Rule requirements and to ensure accountability at a senior management level for that compliance.

The Board has adopted a Continuous Disclosure and Compliance Policy to ensure Tassal complies with its disclosure obligations under ASX Listing Rules and the Corporations Act and to attribute accountability at a senior management level for that compliance. The policy encompasses comprehensive procedures to ensure that matters are identified that are likely to have a material affect on the price of the Company's securities and to ensure those matters are notified to the ASX in accordance with its Listing Rule disclosure requirements. The procedures relating to the notification of price sensitive matters to the ASX and the subsequent positing of them on the Company's website are detailed in policy documentation.

Tassal's website contains copies of all ASX releases covering such publications as Annual Financial Reports, half-year results, Notices of Meeting, media releases and analyst briefings, with the latter released prior to the commencement of the briefing.

The Company Secretary is responsible for all communications with the ASX.

[ASX CGC Best Practice Recommendations 5.1, 6.1]

Respect the Rights of Shareholders

ASX CGC principle 6
The ASX CGC recommends that a Company respects the rights of shareholders and facilitate the effective exercise of those rights by effectively communicating with them, giving them balanced and understandable information about the Company and corporate proposals and making it easy for them to participate in general meetings.

To achieve best practice the ASX CGC recommends that the Board:

- design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings; and
- request the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Tassal places considerable importance on effective communication with its shareholders, market participants, customers, employees, suppliers, financiers, creditors other stakeholders and the wider community. Accordingly the Board have adopted a Communications Policy.

Tassal's Communications Policy requires communication with shareholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company.

The Company's website (www.tassal.com.au) is the primary means for shareholders to access communications and it has been designed to enable information to be accessed in a clear and readily accessible manner.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals. Important issues are presented to shareholders as single resolutions.

The Company's Notice of Annual General Meeting provides details of the location, time and date of the meeting, the business to be considered by shareholders and details about each candidate standing for election or re-election as a Director of the Company. The Board has developed guidelines for the format and content of Notices of Meetings.

The Company ensures that the external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

[ASX CGC Best Practice Recommendations 5.1, 6.1, 6.2]

Recognise and Manage Risk

ASX CGC principle 7
The ASX CGC recommends that the Company establish a sound system of risk oversight and management and internal control. It recommends that the system be designed to identify, assess, monitor and manage risk and inform investors of material changes to the Company's risk profile. It suggests that to achieve best practice the Board, or an appropriate Board Committee, should establish policies on risk oversight and management. The Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) should provide the Board a written statement confirming the soundness of risk management and internal control systems and that they are operating efficiently and effectively.

The Board has established an Audit and Risk Committee with a formally adopted Charter. The Charter outlines the roles, responsibilities, composition and membership requirements.

The Board is responsible for the oversight of the Company's risk management and control framework and the Audit and Risk Committee assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the Company's risk management and control framework.

Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer and senior executive having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the annual operating plan and presented to the Board by the Chief Executive Officer each year. The Board reviews and approves the parameters under which significant business risks will be managed before adopting the Annual Business Plan.

The Audit and Risk Committee Charter outlines the principal functions of the Committee which, from a risk management perspective, are to:

- implement and review risk management and internal compliance and control systems throughout the Company;
- review the adequacy and effectiveness of the Company's compliance management framework;
- review balance sheet risk management framework and strategies;
- oversee the Company's credit policies;
- assess operational risk limits; and
- review and monitor the Company's foreign currency and interest rate exposures and risk management priorities, ensuring compliance with the Board approved financial risk management policies.

The Chief Executive Officer and Company Secretary report in writing to the Audit and Risk Committee that their joint statement that the Company's Annual Financial Report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards is:

- founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

[ASX CGC Best Practice Recommendations 7.1, 7.2]

Encourage Enhanced Performance

ASX CGC principle 8
The ASX CGC recommends that the Board fairly review and actively encourage enhanced Board and management effectiveness. In this regard it is suggested that the Board and key executives should be equipped with the knowledge and information that they need to discharge their duties effectively and that individual and collective performance is regularly and fairly reviewed. To achieve best practice it recommends that a company disclose the process for performance evaluation of the Board, its Committees and individual Directors and key executives.

The Board Charter requires that each year the Board will conduct an evaluation of its performance that:

- compares the performance of the Board with the requirements of its Charter;
- sets forth goals and objectives of the Board for the upcoming year; and
- effects any improvement to the Board Charter deemed necessary or desirable.

The respective Board Committee Charters also require the Committees to evaluate their performance and composition at least annually to determine whether it is functioning effectively by reference to current best practice. This evaluation will be presented to the Board for review.

The evaluation process for the financial year ended 30 June 2005 is currently underway at the date of this Annual Report.

The Chief Executive Officer's compensation arrangements and performance is reviewed, monitored and evaluated by the Remuneration and Nominations Committee on an annual basis, against annually established and mutually agreed performance criteria.

The senior executives' compensation arrangements and performance is reviewed, monitored and evaluated by the Chief Executive Officer against annually established and mutually agreed performance criteria. A formal performance review methodology is in place.

The Chief Executive Officer provides the Remuneration and Nominations Committee with an overview of individual senior executive performance and compensation recommendations for Committee assessment and review.

[ASX CGC Best Practice Recommendation 8.1]

Remunerate Fairly and Responsibly

ASX CGC principle 9
The ASX CGC recommends that the Company ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined. In this regard it recommends that companies adopt remuneration policies that attract and maintain talented and motivated Directors and employees so as to encourage enhanced performance and that there be a clear relationship between performance and remuneration and that the policy underlying executive remuneration be understood by investors.

To achieve best practice the ASX CGC recommends that the Board:

- provide disclosure in relation to the Company's remuneration policies to enable investors to understand the costs and benefits of those policies and the link between remuneration paid to Directors and key executives and Corporate performance;
- establish a Remuneration Committee with a formal charter;
- clearly distinguish the structure of Non-executive Directors' remuneration from that of executives; and
- ensure that any payment of equity-based executive remuneration is made in accordance with thresholds set in place and approved by shareholders.

The Board has established a Remuneration and Nominations Committee with a formally adopted Charter.

The members of the Remuneration and Nominations Committee at the date of this Annual Financial Report are:

- Mr A. McCallum (Chairman of the Committee and independent Non-executive Director);
- Mr C. Bright (Non-executive Director); and
- Ms J. Monk (independent Non-executive Director).

The qualifications of Committee members together with details of the number of Committee meetings held during the year and attendance by Directors who were members of the Committee are set out in the Directors' Report.

Tassal's Remuneration and Nominations Committee is structured so that it comprises at least three Non-executive Directors with the majority being independent. The Committee Charter requires that the Chairman of the Board assume the role of the Chairman of the Remuneration and Nominations Committee.

The Remuneration and Nominations Committee's role, responsibilities and membership requirements are documented in the Remuneration and Nominations Committee's Charter.

The Committee's Charter outlines the principal functions of the Remuneration and Nominations Committee with respect to remuneration, which are to:

- review the compensation arrangements for the Chief Executive Officer, other senior executives (in consultation with the Chief Executive Officer) and the Directors themselves;
- prepare a compensation recommendation for presentation to the Board for it to discuss and ratify based on the Board's annual evaluation of the Chief Executive Officer's performance;
- develop and oversee a remuneration and benefits philosophy that provides for fair and equitable outcomes for Board members and employees and ensures that the Company attracts and retains the right mix of quality employees; and
- periodically review and assess the adequacy of the Company's remuneration policy and recommend any proposed changes to the Board for approval.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Company may seek the advice of external advisers in connection with the structure of remuneration packages.

The Board have approved a formal Remuneration Policy which governs the remuneration of Non-executive Directors, the Chief Executive Officer and senior executives.

The Remuneration Report on pages 15 to 21includes further details on the Company's Remuneration Policy and its relationship to performance.

The key principles that underpin Tassal's Remuneration Policy are:

- remuneration must reflect the market in which the Company operates;
- key performance indicators will apply to deliver results for the Company;
- remuneration is to be linked to the creation of value to shareholders; and
- remuneration is to reward both financial and non-financial performance.

To achieve its goals in relation to executive staff, the remuneration policy is designed to encourage executives to align their interests with those of shareholders and align individual and team reward with business performance, in both the short and long term.

Executive remuneration incorporates both fixed and variable key performance elements, with both a short and long term focus.

Remuneration of Non-executive Directors is determined with regard to the Company's need to maintain appropriately experienced and qualified Board members and in accordance with competitive pressures in the marketplace. The Remuneration Policy is designed to:

- attract and retain Directors;
- motivate Directors to achieve the Company's business objectives; and
- align the interests of Directors with the long term interests of shareholders.

The Remuneration and Nominations Committee may from time to time seek independent advice in relation to the remuneration of Non-executive Directors and may make recommendations to members in relation to any total fee increase.

The fixed sum from which Directors can be paid remuneration has been set at $400,000 per annum, (pursuant to the Company's initial Prospectus dated 9 October 2003).

Non-executive Directors are not entitled to retain a retirement benefit beyond the statutory superannuation obligations which are required to be met by the Company.

The CEO's employment contract with the Company includes short and long term equity-based remuneration incentives the details of which are outlined in the Remuneration Report on pages 15 to 21 and in note 5(v) to the financial statements.

The Company currently does not have in place any additional equity-based executive remuneration arrangements, however, these will be developed in the future and payments of this nature will be made in accordance with thresholds set in place and approved by shareholders where applicable.

[ASX CGC Best Practice Recommendations 9.1, 9.2, 9.3, 9.4]

Recognise the Legitimate Interests of Stakeholders

ASX CGC principle 10
The ASX CGC recommends that the Company recognise the legal and other obligations to all legitimate stakeholders. In this regard it is acknowledged that companies have a number of legal and other obligations to non-shareholder stakeholders such as employees, clients/customers and the community as a whole and it is suggested that companies disclose a code of conduct.

The Directors have adopted a Corporate Code of Conduct and Business Ethics which establishes the framework by which employees are expected to conduct their professional lives by facilitating behaviour and decision making that appropriately acknowledges the interests of the broad spectrum of stakeholders with which the Company deals.

Further details on the Corporate Code of Conduct and Business Ethics are outlined in commentary on ASX CGC Principle 3 earlier in this Corporate Governance Statement.

[ASX CGC Best Practice Recommendation 10.1]

Directors' Report

Tassal Group Limited and Controlled Entities

The Directors present their report together with the Annual Financial Report of Tassal Group Limited ("the Company") and the consolidated Annual Financial Report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2005 and the independent auditor's report thereon.

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

1. Directors

At the date of this report, the Directors of Tassal Group Limited who held office at any time during or since the end of the financial year are:

Name:

Mr Allan McCallum
(Director since 7 October 2003)
(Chairman since 27 June 2005)

Mr Charles Bright
(Appointed - 4 August 2005)

Ms Jill Monk
(Director since 7 October 2003)

Mr Roderick Roberts
(Appointed – 18 March 2005)

Mr Maurice Van Ryn
(Director since 7 October 2003)

Mr John Watson
(Director since 7 October 2003)

In addition the following Directors retired during the financial year:

Mr David Williams (Joined the Board in 2003 and retired 17 June 2005. Previous Chairman with approximately 20 years experience in the investment banking sector).

Mr Max Fremder (Joined the Board in 2003 as a Non-executive Director with significant public company directorship experience and retired 18 March 2005).

Mr Gregory Hunt (Managing Director of Elders Limited. Appointed as a Non-executive Director 18 March 2005 and retired 30 July 2005. Mr Charles Bright acted as Mr Hunt's alternate throughout this period).

2. Principal Activities

During the year the principal activities of the consolidated entity were the farming, processing and marketing of Atlantic Salmon and Ocean Trout.

On 18 March 2005, the Company acquired Aquatas Pty Ltd, the principal activities of which were the same as those of the consolidated entity.

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

3. Consolidated Result

The consolidated net profit after tax for the financial year attributable to the members of Tassal Group Limited was $6.344 million. (For the financial period 5 September 2003 to 30 June 2004: $11.442 million). The Annual Financial Report of the Company and the consolidated entity have been reviewed and approved by the Directors on the recommendations of the Audit and Risk Committee.

4. Dividends

During and since the end of the financial year the following dividends have been paid or declared:

- a final ordinary dividend of 2.00 cents per share in respect of the year ended 30 June 2004 was declared on 31 August 2004 and paid on 1 November 2004 amounting to $1,640,000. The dividend payment was unfranked.
- on 31 August 2005, the Directors declared a final unfranked dividend of 2.50 cents per ordinary share in respect of the financial year ended 30 June 2005. The record date for determining entitlements to this dividend is 7 October 2005. The Company's Dividend Reinvestment Plan will apply to the final dividend and a discount rate of 5% has been determined by the Directors.

The Company will not have any franking credits available for distribution at the date of the dividend payment. Franking credits will arise when the Company makes income tax payments, which is not anticipated to be until the financial year ended 30 June 2007.

The final dividend in respect of ordinary shares for the year ended 30 June 2005 has not been recognised in this Annual Financial Report because the final dividend was declared subsequent to 30 June 2005.

5. Review of Operations

The consolidated entity recorded a net profit after tax of $6.344 million for the financial year to 30 June 2005. A pre SGARA [Australian Accounting Standard AASB 1037 "Self-generating and Regenerating Assets" (SGARA)] net profit after tax of $5.325 million was reported as compared with a pre-SGARA and DOA [Discount on Acquisition ("DOA")] net profit after tax of $3.904 million for the financial period 5 September 2003 to 30 June 2004 [refer to note 1(b)].

A "normalised" pre SGARA and DOA net profit after tax of $5.801 million was achieved after backing out the after tax impact of non-recurring items associated with the acquisition of Aquatas Pty Ltd ("Aquatas").

The non-recurring items incurred related to restructuring and redundancy costs totalling $0.665 million before tax, or $0.476 million after tax. These items were a direct result of rationalising marine operations, processing facilities, sales and marketing departments and general administration to improve both financial and operating efficiencies and to deliver on the synergies that underpinned the Aquatas acquisition.

The Directors of Tassal Group Limited have declared an unfranked final dividend of 2.5 cents per share.

The consolidated entity's revenue from ordinary activities was reported at $157.389 million. This translated into pre SGARA revenue of $96.667 million which compares to a pre SGARA and DOA revenue of $59.671 million for the financial period to 30 June 2004.

Earnings before interest and tax ("EBIT") on a pre SGARA basis was $10.398 million as compared to the financial period to 30 June 2004 with a pre SGARA and DOA EBIT value of $4.413 million.

Cashflow from operating activities was significantly utilised to underpin the growth of fish inventory which, in turn, will underpin future profitability.

Earnings per share ("EPS") on a weighted average basis was recorded at 6.99 cents per share. Pre SGARA EPS was recorded at 5.87 cents per share, as compared to the financial period to 30 June 2004 of pre SGARA and DOA 4.76 cents per share.

The Aquatas acquisition was completed on 18 March 2005 and accordingly, earnings from this acquisition were included within Tassal Group Limited consolidated earnings from that date. In accordance with the Merger Agreement, Tassal issued 27,718,894 fully paid ordinary shares to Webster Limited and assumed additional debt of $10.759 million in exchange for all the issued shares in the capital of Aquatas.

Following Completion, Webster Limited now holds 25% of all Tassal shares on issue.

Further details on review of operations and likely future developments are outlined in the Chairman's and CEO's Report on pages 2 to 3 of this Annual Financial Report.

6. Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this Directors' Report or the Annual Financial Report.

7. Likely Developments

Likely developments in the consolidated entity's operations have been commented on in a general nature in the Annual Financial Report. In particular, reference should be made to the joint Chairman's and CEO's Report. In the opinion of the Directors further information about likely developments in the operations of the consolidated entity and the expected results from those operations in future financial years has not been included because disclosures of the information would be likely to result in unreasonable prejudice to the consolidated entity.

8. Directors, Directors' Meetings And Directors' Shareholdings

The names of the Directors who held office during the financial year and details of current Directors' qualifications, Directors' interests in the Company, experience and special responsibilities and directorships of other listed entities are set out in Sections 19 and 20 of this Directors' Report.

Details of Directors' meetings and meetings of Committees of Directors including attendances are set out in Section 21 of this Directors' Report.

9. Events Subsequent to Balance Date

Except for the dividend declared after year end (refer note 34), there has not arisen in the interval between the end of the financial 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 years.

10. Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the Company Secretary, Mr N.J. Burrows and all executive officers of the Company against a liability incurred as such a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

11. Environmental Regulation

The consolidated entity's operations are subject to environmental regulations under both Commonwealth and State legislation, primarily in relation to its marine farming and processing activities. Primary regulatory compliance obligations encompass environmental monitoring of the consolidated entity's marine lease sites, processing establishments, hygiene protocols, effluent treatment and disposal and noise levels.

The consolidated entity's management regularly and routinely monitor compliance with the relevant environmental regulations and compliance is further regularly reviewed by the Board's Audit and Risk Committee.

The Directors believe that all regulations have been appropriately met during the period covered by this Annual Financial Report and are not aware of any significant material environmental incidents arising from the operations of the consolidated entity during the financial year.

12. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to the principles of good corporate governance.

The consolidated entity's statement on the main corporate governance practices in place during the year is set out on pages 4 to 9 of this Annual Financial Report.

The CEO and Company Secretary have declared, in writing to the Board, that the Company's Annual Financial Reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

13. Auditor Independence

There is no former partner or director of Deloitte Touche Tohmatsu, the Company's auditor, who is or was at any time during the financial year an officer of the Group.

The auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 22 and forms part of this Directors' Report.

14. Non-Audit Services

During the year Deloitte Touche Tohmatsu, the Company's auditor, has performed certain "non-audit services" in addition to their statutory duties.

The Board of Directors has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional Independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, Deloitte Touche Tohmatsu, for audit and non-audit services provided during the year are set out in note 6 to the financial statements.

15. Proceedings on Behalf of the Company

There were no proceedings brought on behalf of the Company nor any persons applying for leave under Section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company.

16. Share Options

There were no shares and/or options granted to Directors or executives during or since the end of the financial year.

No options were exercised during or since the end of the financial year.

The Company has an employment contract with Mr Mark Ryan, the Chief Executive Officer ("CEO") which includes the provision for the issue of options over ordinary shares as a long term incentive and are valued utilising the Black-Scholes option valuation methodology. The number of options that can be granted is based on him achieving specific and quantitative performance criteria, as detailed in the Remuneration Report in Section 23 of this Directors' Report. Any options issued are also subject to an annual vesting profile over a three year period. At the date of this Directors' Report, no options have been issued pursuant to the employment contract.

On 20 January 2004, the Company issued 500,000 options over fully paid ordinary shares in the Company to an unrelated third party. The exercise price for the options is 95.73 cents per share, with the price determined by reference to the weighted average Australian Stock Exchange traded price of the Company's shares for the 5 business days commencing Monday 1 March 2004. The options were not exercised on or before 30 June 2005, and accordingly have lapsed.

17. Remuneration Policy for Directors and Executives

The policy for determining the nature and amount of remuneration for Directors and Executives is described in the Remuneration Report in Section 23 of this Directors' Report.

18. Director and Executive Benefits

Details of the benefits paid or provided to Directors and specified Executives are described in the Remuneration Report in Section 23 of this Directors' Report, and in note 5 to the financial statements.

19. Information on Current Directors

Director	Qualifications and Experience	Special Responsibilities	Particulars of Directors' Relevant Interests in Ordinary Shares and Options Over Ordinary Shares in the Company
ALLAN McCALLUM (Chairman) Dip. Ag Science, MAICD	Allan is Non-executive Director of Incitec Pivot Limited, Director of Medical Developments International Limited and Chairman of Nugrain Pty Ltd. Allan has over 30 years experience in the agricultural sector with representation on industry bodies at State, national and international levels.	Chairman of the Board of Directors. Independent Non-executive Director. Chairman of the Remuneration and Nominations Committee.	163,383 Ordinary Shares
CHARLES BRIGHT BA, MA (Oxon)	Charles has spent 33 years in investment banking in Australia, London and New York. From 1989 to 1995 Charles was Chairman of Potter Warburg Securities. Between 1995 and 1997 he assisted in the establishment of the investment banking operations of ABN AMRO in Australia and from 1997 to 2000 was Head of Corporate Finance for HSBC in Australia. Charles is a Director of Futuris Corporation Limited, Australian Agricultural Company Limited, Integrated Tree Cropping Limited, Webster Limited and Chairman of the Supervisory Board of Bremer Woll-Kammerei AG.	Non-executive Director. Member of the Remuneration and Nominations Committee.	27,718,894 Ordinary Shares Relevant interest held as Mr Bright is a Director of Webster Limited which holds 27,718,894 ordinary shares issued pursuant to the Aquatas Pty Ltd Merger Agreement.
JILL MONK B.Arts, B.Laws, FAICD	Jill holds a Bachelor of Arts, a Bachelor of Laws and a Fellowship of Insurance. She has 28 years experience in company secretarial, commercial legal, business risk and compliance and human resources, having spent 18 years with CGU Insurance Limited. Jill held general management roles including responsibility for legal, superannuation, compliance and the role of Director of Human Resources. Jill held numerous directorships across the CGU Group.	Independent Non-executive Director. Member of the Remuneration and Nominations Committee.	65,788 Ordinary Shares
RODERICK ROBERTS B.Ec, MBA, FAICD	Rod is presently Executive Chairman of Webster Limited, Chairman of Clements Marshall Consolidated Limited, Australian Walnut Properties Limited and Ossa Limited and a member of the University of Tasmania Council. He has previously held senior roles in manufacturing and investment banking industries, including as Head of Corporate Finance Bain & Co, Director County NatWest Australia Limited, Chairman Harris & Co Ltd and Director Examiner Newspapers Ltd.	Non-executive Director. Member of the Audit and Risk Committee.	27,718,894 Ordinary Shares Relevant interest held as Mr Roberts is a Director of Webster Limited which holds 27,718,894 ordinary shares issued pursuant to the Aquatas Pty Ltd Merger Agreement
MAURICE VAN RYN B.Bus	Maurice is the International Business Manager of Bega Cheese. Until early 2005 he was Chief Executive Officer of Bega Cheese, a post which he held for 15 years. He is also Non-executive Director of So Natural Foods Limited and Medical Developments International Limited. Prior to his involvement with Bega Cheese, Maurice was employed as Financial Controller in the Brewing Materials Division of Elders IXL Limited for 9 years. Maurice has over 27 years experience in direct management of food companies in the Australian manufacturing sector.	Independent Non-executive Director. Chairman of the Audit and Risk Committee.	248,250 Ordinary Shares
JOHN WATSON AM, MAICD	John is Non-executive Chairman of Incitec Pivot Limited, Chairman of Primesafe and of the Co-operative Research Centre for Innovative Dairy Products, a Director of Rural Press Limited, a Councillor of the Royal Agricultural Society of Victoria and a Member of the Rabobank Food and Agribusiness Advisory Board for Australia and New Zealand. He is a former Senior Vice President of the National Farmers Federation. John has a long history in food and agricultural industries, having served on numerous industry advisory councils, including advisory roles to the Victorian and Commonwealth Governments.	Independent Non-executive Director. Member of the Audit and Risk Committee.	195,250 Ordinary Shares

The particulars of Directors' interests in ordinary shares and options over ordinary shares disclosed above are as at the date of this Directors' Report and as notified by Directors to Australian Stock Exchange Limited in accordance with the S205G(1) of the Corporations Act 2001.

20. Directorships of Other Listed Companies

Directorships of other listed companies held by the Directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of Directorship (last 3 years)
A. McCallum	Medical Developments International Limited	Since 2003
	Graincorp Limited	Throughout
	Incitec Pivot Limited	Throughout
C. Bright	Webster Limited	Since 2005
	Futuris Corporation Limited	Throughout
	Integrated Tree Cropping Limited	Throughout
	Australian Agricultural Company Limited	Throughout
	Australian Plantation Timber Limited	Throughout
	Bremer Woll-Kammerei AG	Throughout
R. Roberts	Webster Limited	Throughout
M. Van Ryn	Medical Developments International Limited	Since 2003
	So Natural Foods Limited	Throughout
J. Watson	Rural Press Limited	Since 2005
	Incitec Pivot Limited	Throughout

21. Directors' Meetings

The following table sets out the number of meetings and meetings of Committees of Directors held in the period each Director held office (or in the period from commencement as a member of the relevant Committee) during the financial year and the number of meetings attended by each Director.

	Board of Directors Meetings		Audit and Risk Committee Meetings		Remuneration and Nominations Committee Meetings	
Director	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
D. Williams	15	14	*	*	2	2
M. Fremder	12	12	*	*	*	*
G. Hunt[1]	5	5	*	*	*	*
(C. Bright – Alternate Director)						
A. McCallum	17	15	*	*	2	2
J. Monk	17	16	6	5	2	2
R. Roberts	5	4	*	*	*	*
M. Van Ryn	17	17	6	5	*	*
J. Watson	17	17	6	6	*	*

(* not a committee member)

1. Mr C. Bright was appointed Mr G. Hunt's alternate and attended all the indicated meetings during the financial year in that capacity. Mr C. Bright was appointed as a Non-executive Director on 4 August 2005, following Mr Hunt's resignation on 30 July 2005.

22. Company Secretary

Nicholas Jon Burrows (B.Com, FCIS, ACA, ASIA, CFTP, MAICD).

Mr Burrows is a Fellow of Chartered Secretaries Australia and the Institute of Chartered Secretaries and Administrators and has been a Company Secretary of Listed ASX Companies for in excess of 16 years. Mr Burrows also acts as General Manager Finance and Administration ("CFO") and is a member of the Company's senior Executive team.

23. Remuneration Report

This Remuneration Report is prepared in accordance with the Corporations Act 2001 for the Company and the consolidated entity and forms part of the Directors' Report for the year ended 30 June 2005.

(a) Scope of the Report
This report covers the remuneration arrangements for:

- The Chief Executive Officer;
- Senior executives – the term covers the Company Secretary and senior management. It does not include the Chief Executive Officer; and
- Non-executive Directors.

(The Company does not have any Executive Directors).

(b) Governance - Remuneration and Nominations Committee
The Remuneration and Nominations Committee has immediate responsibility for developing the remuneration policies and strategies of the Company and continually evaluating their operation under delegated authority from the Board.

The Committee's Charter outlines the principal functions of the Remuneration and Nominations Committee with respect to remuneration, which are to:

- review the compensation arrangements for the Chief Executive Officer, other senior executives (in consultation with the Chief Executive Officer) and the Directors themselves;
- prepare a compensation recommendation for presentation to the Board for it to discuss and ratify based on the Board's annual evaluation of the Chief Executive Officer's performance;
- develop and oversee a remuneration and benefits philosophy that provides for fair and equitable outcomes for Board members and employees and ensures that the Company attracts and retains the right mix of quality employees; and
- periodically review and assess the adequacy of the Company's Remuneration Policy and recommend any proposed changes to the Board for approval.

A full copy of the Committee's Charter is available on www.tassal.com.au.

The members of the Remuneration and Nominations Committee at the date of this Annual Financial Report are:

- Mr A. McCallum (Chairman of the Committee and independent Non-executive Director);
- Mr C. Bright (Non-executive Director); and
- Ms J. Monk (independent Non-executive Director).

The qualifications of Committee members, together with details of the number of Committee meetings held during the year and attendance by Directors who were members of the Committee, are set out in Sections 19 and 21 of this Directors' Report.

(c) Remuneration Policy
The Board of Directors of the Company believes having highly skilled and motivated people will allow the organisation to best pursue its mission and achieve its goals for the benefit of shareholders and stakeholders more broadly. The ability to attract and retain the best people is critical to the Company's future success. The Board believes remuneration policies are a key part of ensuring this success.

The Board have approved a formal Remuneration Policy which governs the remuneration of Non-executive Directors, the Chief Executive Officer and senior executives. A full copy of the Remuneration Policy is available on www.tassal.com.au.

The key principles that underpin Tassal's Remuneration Policy are:

- remuneration must reflect the market in which the Company operates;
- key performance indicators will apply to deliver results for the Company;
- remuneration is to be linked to the creation of value to shareholders; and
- remuneration is to reward both financial and non-financial performance.

To achieve its goals in relation to executive staff, the Remuneration Policy is designed to encourage executives to align their interests with those of shareholders and align individual and team reward with business performance, in both the short and long term. Executive remuneration incorporates both fixed and variable key performance elements, with both a short and long term focus.

Remuneration of Non-executive Directors is determined with regard to the Company's need to maintain appropriately experienced and qualified Board members and in accordance with competitive pressures in the marketplace. The Remuneration Policy is designed to:

- attract and retain Directors;
- motivate Directors to achieve the Company's business objectives; and
- align the interests of Directors with the long term interests of shareholders.

(d) Company Performance
Tassal was incorporated on 5 September 2003 and key operational performance indicators for the reporting periods since that date are summarised in the table in the Chairman's and Chief Executive Officer's Report on page 2 of this Annual Financial Report.

Tassal's performance over the respective reporting periods as highlighted in that table have underpinned an increasing dividend payment profile and a stable share price.

Reporting Period Ended	2005	2004
Dividend declared per share	2.50 cps	2.00 cps
Closing share price	89.00 cps	88.00 cps

23. Remuneration Report - Continued

(e) Remuneration – Non-executive Directors

(i) Remuneration Policy and Structure

The Constitution of the Company provides that Non-executive Directors may collectively be paid from a fixed sum out of the funds of the Company as remuneration for their services as Directors. The fixed sum has been set at $400,000 per annum (pursuant to the Company's initial Prospectus dated 9 October 2003). This amount can only be increased by the passing of an ordinary resolution of shareholders. The Board can determine the allocation of this fixed sum to Directors.

Current fees payable to the Non-executive Directors of the Company have been established as follows:

- the Chairman is entitled to a fee of $65,000 each year; and
- each other Director is entitled to a fee of $45,000 each year.

In addition to the Directors' fees, the Company will also pay the Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

There are no additional fees paid for membership or chairing Board Committees or attendance at Committee meetings.

In accordance with the Constitution, Directors are permitted to be paid additional fees for special services or exertions. No such fees were paid during the year. Directors are also entitled to be reimbursed for all business-related expenses, including travel on Company business, as may be incurred in the discharge of their duties. Such reimbursements are not included in the aggregate remuneration cap approved by shareholders. The Board reviews its fees to ensure the Company's Non-executive Directors are fairly remunerated for services, recognising the level of skill and experience required to conduct the role, and to have in place a fee scale which enables the Company to attract and retain talented Non-executive Directors. In conducting a review the Board takes advice from an external independent remuneration consultant. The review process involves benchmarking against a group of peer companies.

The remuneration of Non-executive Directors is differentiated from that of Company employees. Remuneration is fixed; there is no variable, short term incentive or performance related remuneration for Non-executive Directors, nor is there any entitlement to retirement allowances or payments other than the statutory superannuation required by law. The Board has determined that Non-executive Directors shall receive only fixed remuneration by way of payment of fees.

(ii) Equity Holdings of Directors

The table below summarises the movements in holdings of ordinary shares in Tassal Group Limited held directly, indirectly or beneficially by each specified Director, including Directors' spouses, relatives, siblings and other personally related entities.

	Balance as at 1/7/04	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at Resignation Date (if applicable)	Balance at 30/6/05
D. Williams (Retired 17 June 2005)	16,000,000	-	-	360,929	16,360,929	N/A
M. Fremder (Retired 18 March 2005)	1,500,000	-	-	(1,500,000)	-	N/A
G. Hunt (Appointed 18 March 2005)*	-	-	-	27,718,894*	-	27,718,894
A. McCallum	150,000	-	-	13,383	-	163,383
J. Monk	30,000	-	-	35,788	-	65,788
R. Roberts (Appointed 18 March 2005)*	-	-	-	27,718,894*	-	27,718,894
M. Van Ryn	248,250	-	-	-	-	248,250
J. Watson	150,000	-	-	45,250	-	195,250
Total	18,078,250	-	-	54,393,138	16,360,929	56,110,459

(*27,718,894 ordinary shares were issued to Webster Limited under the terms of a Merger Agreement between Webster Limited and Tassal Group Limited. Both Mr Hunt and Mr Roberts were Directors of Webster Limited at the end of the financial year).

(iii) Remuneration Table for Directors

The following table outlines the nature and amount of each major element of the remuneration of specified Directors of the Company and the Group:

		Primary			Post Employment		Equity		
		Salary & Fees $	Bonus $	Non-monetary $	Super-annuation $	Prescribed Benefits $	Fully Paid Shares $	Options $	Total $
D. Williams	2005	65,000	-	-	5,850	-	-	-	70,850
(Retired 17 June 2005)	2004	47,701	-	-	4,293	-	-	-	51,994
M. Fremder	2005	33,750	-	-	3,038	-	-	-	36,788
(Retired 18 March 2005)	2004	33,024	-	-	2,972	-	-	-	35,996
G. Hunt	2005	12,976	-	-	-	-	-	-	12,976
(Appointed 18 March 2005)	2004	-	-	-	-	-	-	-	-
A. McCallum	2005	45,000	-	-	4,050	-	-	-	49,050
	2004	33,024	-	-	2,972	-	-	-	35,996
J. Monk	2005	45,000	-	-	4,050	-	-	-	49,050
	2004	33,024	-	-	2,972	-	-	-	35,996
R. Roberts	2005	12,976	-	-	1,168	-	-	-	14,144
(Appointed 18 March 2005)	2004	-	-	-	-	-	-	-	-
M. Van Ryn	2005	45,000	-	-	4,050	-	-	-	49,050
	2004	33,024	-	-	2,972	-	-	-	35,996
J. Watson	2005	45,000	-	-	4,050	-	-	-	49,050
	2004	33,024	-	-	2,972	-	-	-	35,996
Total	2005	304,702	-	-	26,256	-	-	-	330,958
	2004	212,821	-	-	19,153	-	-	-	231,974

(2004 Comparatives are for the period from 5 September 2003 to 30 June 2004).

(Mr McCallum, who has been a Director since 7 October 2003, was appointed Chairman of the Board on 27 June 2005).

(f) Remuneration – Chief Executive Officer and Senior Executives

The Remuneration and Nominations Committee shapes its remuneration strategies and initiatives and determines the nature and amount of remuneration for the Chief Executive Officer and senior executives in line with the principles articulated in the Tassal Remuneration Policy.

Remuneration consists of fixed and variable components, incorporating both short term performance linked incentives ("STI") and long term performance linked incentives ("LTI"), as follows:

		Chief Executive Officer*	Senior Executives
Fixed remuneration	(Base salary and superannuation)	Yes	Yes
Variable remuneration	(STI – Cash)	Yes	Yes
Variable remuneration	(Ordinary Shares)	Yes	No
Variable remuneration	(LTI – Options)	Yes	No

(*Refer separate discussion on Chief Executive Officer's employment contract).

(The Remuneration and Nominations Committee will assess the introduction of a long term incentive scheme for senior managers during the current financial year).

23. Remuneration Report - (Continued)

(f) Remuneration – Chief Executive Officer and Senior Executives - (Continued)

(i) Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and competitive in the market.

The Chief Executive Officer and senior executives are provided with the opportunity to receive their fixed remuneration in both cash or salary sacrificed benefits, subject to there being no change in overall cost to the Company. Compulsory superannuation benefits are included in the determination of fixed remuneration.

Fixed remuneration levels of the Chief Executive Officer and senior executives are reviewed annually as part of a formalised performance review process and referenced to market practice among companies employing similar executive talent. Increases to fixed remuneration will not be automatic and will only be made if there have been market movements to support an increase and the senior executive has achieved reasonable performance against their targets and exhibits the behaviour that is consistent with Tassal's values.

The amount of total remuneration is determined by reference to the role's scope, nature of the role, importance to the business, market remuneration levels, and the executive's individual performance and assessed potential.

Fixed remuneration for senior executives will be determined on the basis of Tassal's Remuneration Policy. The Chief Executive Officer's fixed remuneration is reviewed by the Board in line with the terms of his employment contract.

(ii) Variable Remuneration – Short Term Incentive (STI – cash)

Tassal acquired Aquatas Pty Ltd on 18 March 2005. $9 million synergies have been targeted from this acquisition, the delivery of which will underpin a substantially higher operating result and net profit after tax for the 2006 financial year (refer also Chairman's and Chief Executive Officer's Report).

The Board has established a cash-based STI program for the Financial Year ended 30 June 2006.

The STI program is specifically linked to and only payable on the delivery of the Aquatas acquisition synergies and the achievement of a range of pre-defined operational performance hurdles.

Attainment of these synergies and targets are, in the view of the Board, key to the delivery of shareholder value.

The STI pool is to be allocated as follows:

Chief Executive Officer	25%
Senior Executives	45%
Other Employees	30%

The senior executive's share of the STI pool is to be determined and approved by the Remuneration and Nominations Committee.

The allocation of the balance of the STI (i.e. 30%) to other key employees will be determined and approved by the Remuneration and Nominations Committee after considering the recommendations of the Chief Executive Officer, who in coming to a recommendation, has considered the views of the senior executives.

During the financial year ended 30 June 2005, there were no STI payments made to the Chief Executive Officer. Following a recommendation from the Remuneration and Nominations Committee the Board approved the payment of a bonus of $25,000 to the Company Secretary in recognition of his efforts in successfully concluding the Aquatas Pty Ltd acquisition process. There were no other STI or bonus payments made to other senior executives during the financial year ended 30 June 2005.

(iii) Contract for Services – Chief Executive Officer

The structure of the Chief Executive Officer's compensation is in accordance with his employment agreement, with the remuneration package consisting of four elements: base salary (fixed), short term cash incentive, long term options incentive and an ordinary share incentive.

- Fixed Remuneration

  The Chief Executive Officer's fixed remuneration is $400,000 per annum. This amount is reviewed annually by the Board and Remuneration and Nominations Committee, and is currently fixed until 1 September 2006. The fixed remuneration includes the 9% Superannuation Guarantee Contribution. Non-monetary benefits are provided on a "salary sacrifice basis". The types of benefits that can be packaged by the Chief Executive Officer include superannuation and motor vehicles.

- Variable Remuneration - Short Term Incentive (STI – cash)

  The Chief Executive Officer's employment contract refers to his participation in the cash based STI program applicable to the financial year ended 30 June 2006, the details of which are outlined in section (f)(ii) of this Remuneration Report.

  The Chief Executive Officer is also entitled to a cash bonus of between 15% and 20% of his base salary provided that the Company Earnings Per Share ("EPS") is at least 10% greater than the pre-SGARA and DOA EPS annualised threshold outlined in the Company's initial Prospectus (dated 8 October 2003), and adjusted for the impact of the Aquatas acquisition.

  At the date of this Report, no payment has been made under this arrangement and no obligation exists.

- Variable Remuneration – Ordinary Shares

  Pursuant to his employment contract, the Chief Executive Officer is entitled to a "one-off" issue of 600,000 fully paid ordinary shares. The vesting period for the ordinary shares pursuant to this arrangement is three years, with one third vesting each year subject to pre-defined continuing EPS hurdles being met.

  The 200,000 ordinary shares applicable to the financial year ended30 June 2004 did not vest, are non-cumulative and have lapsed.

  For the 2005 and 2006 financial years, the vesting of the remaining 400,000 ordinary shares is cumulative, accordingly if any one year is missed, the entitlement to shares in respect of that year can be made up and vest, based on the EPS performance, in the following year only.

  At the date of this report, no shares have been vested under this arrangement and no obligation exists with respect to the 2005 financial year.

  The fair value of the ordinary shares subject to this arrangement was calculated at grant date by an independent valuer at 66.369 cents per share for purposes of disclosure in the Remuneration Report.

  The following table sets out assumptions applied to determine the fair value of the ordinary shares at grant date:

Share price at grant date	$0.70000
Risk free rate	5.36%
Dividend yield (present value)	5.18%
Fair value of ordinary shares at grant date	$0.66369

  Based on the above, the estimated fair value of the ordinary shares at the grant date is $265,476. The estimated fair value of the Chief Executive Officer's contractual right to fully paid ordinary shares applicable to the financial year ended 30 June 2005 is $66,369 which has been disclosed in the specified executives' remuneration table.

- Variable Remuneration – (LTI - Options)

  Pursuant to his employment contract, the Chief Executive Officer is entitled to a long-term incentive bonus payable in the form of options equivalent to a value of 25% of his base salary. For the 2005 financial year, the issue of options is conditional upon the pre-SGARA and DOA EPS of the Company for the particular year being at least 10% greater than for the previous year, and on a cumulative basis if the EPS growth target is missed.

  The number of options issued will be the bonus portion of base salary divided by a valuation of the options using the standard Black-Scholes methodology. The exercise price will be determined based on a five-day weighted average price, a month post the release of the annual results for the year in respect of which the options are issued and after the application of a 5% discount factor. The required EPS hurdle for the financial year ended 30 June 2005 has not been met and accordingly the right to the options pursuant to this arrangement has lapsed.

(iv) Contract for Services – Senior Executives

A controlled entity, Tassal Operations Pty Ltd, has service contracts with Mr Asman (General Manager – Marine Operations) and Mr Petracca (Manager – Workplace Risk). No termination benefits are provided for under these arrangements. Other senior executive's employment arrangements are for undefined terms and as such are capable of termination on reasonable notice.

- M. Asman

  Mr Asman's service contract is for an initial minimum term of two years, with a further extension available by mutual agreement. Either party may terminate the contract at any time by giving three month's notice.

- N. Petracca

  Mr Petracca's service contract is for an initial minimum term of two years, with a further two year extension available by mutual agreement. Either party may terminate the contract at any time by giving one month's notice.

23. Remuneration Report - (Continued)

(f) Remuneration – Chief Executive Officer and Senior Executives - (Continued)

(v) Names, Position and Tenure Table – Specified Executives

The following table contains the details prescribed by Section 300A of the Corporations Act 2001 in relation to the names of the relevant specified executives, position held and the period for which the position was held. During the financial year ended 30 June 2005, Tassal completed a restructure, which resulted in changes to the senior management team. The table below sets out the positions held for specified executives before and after the restructure.

Name	Title	Current Financial Year Tenure
M. Ryan	Chief Executive Officer	Throughout the financial year
M. Asman	General Manager – Marine Operations	Appointed 14 March 2005
N. Burrows	Company Secretary	Throughout the financial year
	General Manager – Finance and Administration	
M. Green	General Manager - Operations	Throughout the financial year
A. McCoy	General Manager – Processing	(Ceased employment 5 May 2005)
A. Newman	General Manager - Sales and Marketing	1 July 2004 to 29 May 2005
	Business Manager - Retail	From 30 May 2005
N. Petracca	Manager – Workplace Risk	Appointed 4 October 2004
D. Williams	General Manager – Domestic and Export Markets	Appointed 30 May 2005

(vi) Equity Holdings of Chief Executive Officer and Specified Executives

The following table shows the movement during the reporting period of ordinary shares of Tassal Group Limited held directly, indirectly or beneficially by each specified executive, including their personally-related entities:

	Balance as at 1/7/04	Granted as Remuneration	Exercise of Options	Net Change Other	Balance at Resignation Date (if applicable)	Balance at 30/6/05
M. Ryan[1]	-	-	-	-	-	-
M. Asman	-	-	-	-	-	-
N. Burrows	10,000	-	-	-	-	10,000
M. Green	-	-	-	-	-	-
A. Newman	-	-	-	-	-	-
N. Petracca	-	-	-	-	-	-
D. Williams	-	-	-	-	-	-
Total	10,000	-	-	-	-	10,000

1. Details of Mr Ryan's equity based remuneration arrangements are separately discussed in the Remuneration Report. No shares or options were issued pursuant to these arrangements during the financial year and none were on issue at the end of the financial year.

(vii) Remuneration Table for Specified Executives

The following table outlines the nature and elements of the remuneration of the five highest paid executives and specified executives of the Company and the Consolidated entity:

		Primary			Post Employment		Equity		Other	
		Salary & Fees[1] $	Bonus[2] $	Non-monetary[3] $	Super-annuation $	Prescribed Benefits $	Fully Paid Shares $	Options[4] $	Termination[5] Benefits $	Total $
M. Ryan	2005	392,789	-	2,792	31,516	-	66,369	-	-	493,466
	2004	220,172	-	141	17,624	-	96,000	6,082	-	340,019
A. Newman	2005	217,284	-	6,383	16,409	-	-	-	-	240,076
	2004	124,057	-	1,493	8,044	-	-	-	-	133,594
N. Burrows	2005	170,381	25,000	4,343	14,660	-	-	-	-	214,384
	2004	103,255	-	2,117	8,373	-	-	-	-	113,745
A. McCoy	2005	138,764	-	7,948	10,692	-	-	-	56,116	213,520
(Ceased employment 5 May 2005)	2004	86,240	-	1,411	7,052	-	-	-	-	94,703
M. Green	2005	170,923	-	2,500	13,516	-	-	-	-	186,939
	2004	84,711	-	3,011	6,717	-	-	-	-	94,439
N. Petracca	2005	123,703	-	1,407	9,947	-	-	-	-	135,057
(Appointed 4 October 2004)	2004	-	-	-	-	-	-	-	-	-
M. Asman	2005	50,220	-	-	3,587	-	-	-	-	53,807
(Appointed 14 March 2005)	2004	-	-	-	-	-	-	-	-	-
D. Williams	2005	16,927	-	-	1,226	-	-	-	-	18,153
(Appointed 30 May 2005)	2004	-	-	-	-	-	-	-	-	-
Total	2005	1,280,991	25,000	25,373	101,553	-	66,369	-	56,116	1,555,402
	2004	618,435	-	8,173	47,810	-	96,000	6,082	-	776,500

(2004 Comparatives are for the period from 5 September 2003 to 30 June 2004).

(The elements of the remuneration packages in the above table have been determined on a cost to the Company and the consolidated entity basis and reflect the relevant respective periods of service).

1. Salary and fees includes salary, annual leave and long service on an accruals basis.
2. Cash bonuses relate to performance bonuses.
3. Non-monetary benefits include sundry benefits relating to Fringe Benefits Tax.
4. The notional value ascribed to the ordinary share and options components of the Chief Executive Officer's remuneration package pursuant to his employment contract are separately discussed in this Remuneration Report. The notional value has been determined by an independent actuary using the criteria set out in Accounting Standard AASB1046. The valuation methodology and inputs to the valuation have been disclosed in the discussion in this Remuneration Report in respect of the Chief Executive Officer's employment contract.
5. Termination benefits include notice or redundancy payments where applicable.

24. Rounding Off of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Annual Financial Report and the Directors' 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 298(2) of the Corporations Act 2001.

On behalf of the Directors

A.D. McCallum
Chairman

Hobart this 26th day of September 2005

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

ANZ Centre
Level 9
22 Elizabeth Street
Hobart TAS 7000
GPO Box 777
Hobart TAS 7001 Australia

DX 197
Tel: +61 (0) 3 6237 7000
Fax: +61 (0) 3 6237 7001
www.deloitte.com.au

The Board of Directors
Tassal Group Limited
191 Glen Road
Huonville
Tasmania, 7109

26th September 2005

Dear Board Members

Re: 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 audit of the financial statements of Tassal Group Limited for the financial year ended 30 June 2005, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

L T Cox
Partner
Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Financial Statements

Statement of Financial Performance

For the Year Ended 30 June 2005

Tassal Group Limited and Controlled Entities

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Revenue from ordinary activities	3(b)	157,389	102,789	1,640	49
Changes in inventories of finished goods and work in progress		(5,659)	(1,669)	-	-
Raw materials and consumables used		(109,726)	(69,360)	-	-
Employee benefits expense		(25,165)	(14,420)	-	-
Depreciation and amortisation expense	3(c)	(934)	(1,962)	-	-
Borrowing costs	3(c)	(2,962)	(1,337)	-	-
Other expenses from ordinary activities		(4,489)	(3,427)	-	-
Profit from ordinary activities before income tax (expense)/benefit		8,454	10,614	1,640	49
Income tax (expense)/benefit relating to ordinary activities	4	(2,110)	828	173	87
Profit from ordinary activities after income tax (expense)/benefit		6,344	11,442	1,813	136
Non-owner transaction changes in equity		-	-	-	-
Total changes in equity from non-owner related transactions		6,344	11,442	1,813	136

	Note	Cents per Share 2005	Cents per Share 2004
Earnings per ordinary share:			
Basic (cents per share)	25	6.99	13.95
Diluted (cents per share)	25	6.99	13.89

Notes to the financial statements are included on pages 27 to 63.

Statement of Financial Position

As at 30 June 2005

Tassal Group Limited and Controlled Entities

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Current Assets					
Cash assets		61	5	-	-
Receivables	7	19,221	14,423	28,515	30,275
Inventories	8	18,979	7,579	-	-
Self-generating and regenerating assets (SGARA)	9	45,847	32,476	-	-
Other	10	343	424	-	-
Total Current Assets		84,451	54,907	28,515	30,275
Non-Current Assets					
Other financial assets	11	5,217	3,581	28,016	-
Property, plant and equipment	12	41,241	22,566	-	-
Deferred tax assets	13	2,531	1,391	2,531	1,391
Intangibles	14	15,121	-	-	-
Other	15	494	258	-	-
Total Non-Current Assets		64,604	27,796	30,547	1,391
Total Assets		149,055	82,703	59,062	31,666
Current Liabilities					
Payables	16	19,348	12,577	251	-
Interest-bearing liabilities	17	32,354	6,350	-	-
Provisions	18	2,886	1,961	-	-
Other	19	1,002	-	-	-
Total Current Liabilities		55,590	20,888	251	-
Non-Current Liabilities					
Interest-bearing liabilities	20	18,416	18,387	-	-
Deferred tax liabilities	21	-	1,223	-	1,223
Provisions	22	401	456	-	-
Total Non-Current Liabilities		18,817	20,066	-	1,223
Total Liabilities		74,407	40,954	251	1,223
Net Assets		74,648	41,749	58,811	30,443
Equity					
Contributed equity	23	58,502	30,307	58,502	30,307
Retained profits	24	16,146	11,442	309	136
Total Equity		74,648	41,749	58,811	30,443

Notes to the financial statements are included on pages 27 to 63.

Statement of Cash Flows

For the Year Ended 30 June 2005

Tassal Group Limited and Controlled Entities

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Cash Flows from Operating Activities					
Receipts from customers		101,052	59,054	-	-
Payments to suppliers and employees		(101,354)	(60,286)	-	(10)
Interest and bill discounts received		15	49	-	49
Interest and other costs of finance paid		(2,863)	(1,494)	-	-
Net cash (used in)/provided by operating activities	35(d)	(3,150)	(2,677)	-	39
Cash Flows from Investing Activities					
Payment for property, plant and equipment		(12,002)	(2,610)	-	-
Proceeds from sale of property, plant and equipment		66	596	-	-
Advance from/(to) controlled entities		-	-	11,467	(29,768)
Payment for business	35(b),(c)	(10,686)	(49,139)	(10,686)	-
Net cash (used in)/provided by investing activities		(22,622)	(51,153)	781	(29,768)
Cash Flows from Financing Activities					
Proceeds from issues of equity securities		-	32,001	-	31,001
Payment for share issue costs		(167)	(1,694)	(167)	(1,272)
Dividend paid – members of parent entity		(614)	-	(614)	-
Proceeds from borrowings		28,667	25,256	-	-
Repayment of borrowings		(944)	(4,510)	-	-
Net cash provided by/(used in) financing activities		26,942	51,053	(781)	29,729
Net increase/(decrease) in cash held		1,170	(2,777)	-	-
Cash at the beginning of the financial year		(2,777)	-	-	-
Cash at the end of the financial year	35(a)	(1,607)	(2,777)	-	-

Notes to the financial statements are included on pages 27 to 63.

Notes to the Financial Statements

For the Year Ended 30 June 2005

Tassal Group Limited and Controlled Entities

1. Summary of Accounting Policies

Financial Reporting Framework
The Annual Financial Report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Consensus Views and complies with other requirements of the law.

The Annual Financial Report has been prepared on the basis of historical cost and except for self-generating and regenerating assets (SGARAs) which are measured at net market value, does not take into account changing money values or current valuations of non-current assets, except where stated. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies
Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the Annual Financial Report:

(a) Principles of Consolidation
The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the consolidated entity, being the Company and its controlled entities as defined in accounting standard AASB 1024 "Consolidated Accounts". A list of controlled entities appears in note 30 to the financial statements. Where an entity either began or ceased to be controlled during the reporting period, the results are included only from the date control commenced or up to the date control ceased.
The balances and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated in full.

(b) Comparatives
The Company was incorporated on 5 September 2003 under the name of Natamy Limited and changed its name to Tassal Group Limited on 23 September 2003.

Accordingly the comparatives disclosed in the financial report relate to the period 5 September 2003 to 30 June 2004. (The Company commenced trading on 10 November 2003).

Reclassification of Comparatives
Amounts reflected in the financial statements for the period ended 30 June 2004 in respect of current and non-current finance lease liabilities have been reduced by term charges attributable to those finance leases to reflect consistency with the current reporting period treatment. This reclassification more appropriately reflects the underlying finance lease liability at the reporting date.

(c) Accounts Payable
Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

The carrying amount of accounts payable approximates net fair value.

(d) Acquisition of Assets
Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(e) Borrowing Costs
Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of non-current assets constructed by the consolidated entity.

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

(f) Cash
For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(g) Depreciation of Property, Plant and Equipment
Depreciation is calculated on a straight line basis to write off the net cost or, where applicable, the revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity.

Estimates of remaining useful lives are made on an ongoing basis for all assets. The expected useful lives used in the calculation of depreciation are as follows:

Buildings	25 – 50 years
Plant and equipment	2 – 20 years
Equipment under finance lease	2 – 20 years

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Where these costs represent separate components they are accounted for as separate assets and are separately depreciated over their useful lives on the above basis.

(h) Derivative Financial Instruments
The consolidated entity's borrowings and transactions in foreign currencies give rise to an exposure to market risks from changes in interest rates and foreign exchange rates. Certain other transactions create risks associated with changes in the price of commodities. The consolidated entity has a policy for utilising derivative financial instruments to reduce those risks. Under the Company's Treasury Policy the types of derivatives which may be used are interest rate swaps, forward rate agreements, interest rate options, foreign currency forward exchange contracts or currency options.

Exchange differences on forward foreign exchange contracts to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

In the event of the early termination of a foreign currency hedge of an anticipated purchase or sale of goods and services, the deferred gains and losses that arose on the foreign exchange contract prior to its termination date are:

- deferred and included in the measurement of the purchase or sale when it takes place, where the anticipated transaction is still expected to occur; or
- recognised in net profit or loss at the date of termination, if the anticipated transaction is no longer expected to occur.

Gains and losses on forward interest rate contracts are deferred and amortised over the term of the underlying borrowing.

Gains and losses on interest rate swaps are included in the determination of interest expense.

(i) Employee Benefits
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

The provisions for employee entitlements to wages, salaries, annual leave, long service leave, and other employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions for other employment benefits, including long service leave, which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(j) Financial Instruments Issued by the Company
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Dividends are classified as distributions of profit consistent with the Statement of Financial Position classification of the related equity instrument.

(k) Foreign Currency Transactions
All foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at the reporting date are translated at exchange rates existing at that date.

Exchange differences are recognised in the profit or loss in the period they arise except that exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

(l) Hedging Specific Commitments
In relation to transactions intended to hedge specific purchases or sales:

- costs or gains arising at the time of entering into the transactions; and
- exchange differences, to the extent that they arise up to the dates of purchase or sale,

are deferred and included in the measurement of the purchases or sales.

(m) Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(n) Goodwill
Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is amortised on a straight line basis over a period of 20 years.

(o) Income Tax
Tax effect accounting principles have been adopted where income tax expense has been calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the deferred tax assets and the deferred tax liabilities, as applicable.

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

This legislation, which includes both mandatory and elective elements, is applicable to the Company. The impact of the mandatory elements of the tax consolidation system on existing deferred tax balances of the consolidated entity and the Company has been reflected in the financial statements.

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. The head entity within the tax-consolidated group for the purposes of the tax consolidation system is Tassal Group Limited.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Tassal Group Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on a notional taxable income calculation for the entity at the current tax rate. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The current and deferred tax assets and liabilities of the parent entity are not reduced by any amounts owing from or to subsidiary entities in accordance with the tax-sharing agreement as these amounts are recognised as inter-company receivables and payables.

(p) Interest-Bearing Liabilities
Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Fully drawn advances, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

(q) Inventories
The value attributed to non-living produce extracted is the net market value immediately after extraction. The net market value, less the costs of extraction, is recognised as revenue in the financial year in which the extraction occurs.

Other inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out or weighted average cost basis.

1. Summary of Accounting Policies - Continued

(r) Investments

Investments in controlled entities and other corporations are brought to account at cost and where applicable, dividend income is recognised in the statement of financial performance when receivable.

Investments in associates are accounted for under the equity method.

(s) Leased Assets

Leased assets classified as finance leases are recognised as assets. The amount initially brought to account is the present value of minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased property.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which the economic benefits from the leased asset are consumed.

(t) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the Directors on or before the reporting date.

Onerous Contracts

An onerous contract is considered to exist where the consolidated entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds unrecognised assets.

Restructurings

Provision for restructurings are recognised when the consolidated entity has developed a detailed formal plan for the restructuring and has either:

- entered into firm contracts to carry out the restructuring; or
- raised a valid expectation in those affected by the restructuring that the restructuring will occur.

Where a restructuring arises as a consequence of an acquisition, a provision is recognised when, at or before the date of acquisition, the main features of a plan for restructuring are developed, and within three months of the date of acquisition, or by the time of completion of the financial report, the consolidated entity has developed a formal detailed plan for the restructuring and has either:

- entered into firm contracts to carry out the restructuring; or
- raised a valid expectation in those affected by the restructuring that the restructuring will occur.

Such provisions are only made in respect of the restructuring of operations within the acquired entity.

(u) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

The carrying amount of receivables approximates net fair value.

(v) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current assets exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

(w) Research and Development Costs

Research and development costs are recognised as an expense when incurred except to the extent that such costs are expected, beyond reasonable doubt, to be recoverable.

(x) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer, except with respect to self-generating and regenerating assets [See note 1 (y)].

(y) Self-Generating and Regenerating Assets (SGARAs) – Live Finfish

Self-generating and regenerating assets are valued at net market value. Net market value is the amount which could be expected to be received from the disposal of the asset in an active and liquid market less the costs expected to be incurred in realising the proceeds of such disposal. The net increment / (decrement) in the net market value of SGARAs is recognised as revenue / (expenditure) in the reporting period.

Where an active and liquid market is not available the net present value of cash flows expected to be generated by the SGARA is applied having regard to the expected harvest biomass, future selling prices and expected margins. Historic cost is used as an estimate of net market value where little or no biological change has taken place, or where cost is a more relevant and reliable estimate than any other indicator.

Net market valuation has been determined in accordance with Directors' valuation.

2. Change in Accounting Policy

Finfish Stock and Inventory

During the year, the consolidated entity changed its approach to accounting for depreciation of property, plant and equipment and storage costs directly associated with marine farming and processing, previously treated as a period cost and are now treated as a reduction in the net market value of live and harvested fish. As of 1 July 2004, Tassal commenced capitalising depreciation and storage costs as part of the cost of live fish and the deemed cost of processed fish inventories.

Accounting Standard AASB 1037 Self-Generating and Regenerating Assets does not prescribe how these costs are to be treated in accounting for live fish (SGARAs) and harvested fish on a net market value basis.

The Directors believe that the change in treatment of these costs more appropriately and accurately reflects the inclusion of costs that are incurred to maintain or enhance SGARAs. The inclusion of these costs has not resulted in a change in net profit before tax reported in the Statement of Financial Performance, however it has resulted in a reduction in depreciation and amortisation expense of $1.951 million and a reduction in storage costs of $0.541 million reported in Statement of Financial Performance with a corresponding reduction in revenue from ordinary activities as a result of the reduction to the increment in net market value of SGARAs and the net market value of non-living produce extracted.

3. Profit from Ordinary Activities

	Note	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
		$'000	$'000	$'000	$'000
Profit from ordinary activities before income tax (expense)/benefit includes the following items of revenue and expense:					
(a) Operating revenue					
Revenue from the sale of goods		95,474	58,686	-	-
Net market value of non-living produce extracted	(i)	56,130	38,535	-	-
Increment in net market value of SGARA's	(ii)	4,592	(3,038)	-	-
SGARA restatement after application of discount on acquisition		-	7,621	-	-
Dividend received from controlled entities		-	-	1,640	-
Rental revenue		14	9	-	-
Net realised foreign exchange gain from sale of goods		469	-	-	-
Net realised foreign exchange gain from derivative transactions		211	-	-	-
Interest revenue		15	49	-	49
Other		418	331	-	-
Total operating revenue		157,323	102,193	1,640	49
(b) Non-operating revenue					
Proceeds from sale of property, plant and equipment		66	596	-	-
Total non-operating revenue		66	596	-	-
Total revenue from ordinary activities		157,389	102,789	1,640	49

Note:

AASB 1037 "Self-generating and Re-generating assets" (SGARA)

(i) Pursuant to the requirements of AASB 1037, this amount represents the difference between the net market value of all finfish harvested during the year and the cost of harvesting those fish at the date of harvest.

(ii) Pursuant to the requirements of AASB 1037, this amount represents the difference between the value of SGARA reflected in the Consolidated Statement of Financial Position as at the respective reporting dates less costs incurred in acquiring smolt (juvenile fish) and net of the cost of SGARA included as part of the acquisition of businesses during the reporting period.

The impact on net profit before tax of applying AASB 1037 for the year is $1.019 million [2004: ($0.083) million].

3. Profit from Ordinary Activities - Continued

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
(c) Expenses				
Depreciation of non-current assets	918	1,955	-	-
Amortisation – marine farming lease	16	7	-	-
Total depreciation and amortisation	934	1,962	-	-
Interest – other entities	2,709	1,293	-	-
Finance lease charges	253	44	-	-
Total borrowing costs	2,962	1,337	-	-
Cost of sales	95,538	58,325	-	-
Net bad and doubtful debts – other entities	246	4	-	-
Write-downs in value of inventories	28	511	-	-
Written down value of property, plant and equipment sold	49	250	-	-
Operating lease rental expenses	3,797	2,133	-	-
(d) Sale of assets				
Sale of assets in the ordinary course of business have given rise to the following profits:				
Property, plant and equipment	17	346	-	-

4. Income Tax (Expense)/Benefit

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
The prima facie income tax (expense)/benefit on pre-tax accounting profit reconciles to the income tax (expense)/benefit in the financial statements as follows:				
Profit from ordinary activities	8,454	10,614	1,640	49
Income tax (expense)/benefit calculated at 30%	(2,536)	(3,184)	(492)	(15)
Permanent differences:				
Amortisation of share issue costs	103	102	103	102
SGARA and inventory restatement after application of DOA	-	2,286	-	-
Restatement of trading stock to tax cost	-	1,589	-	-
Research and development	269	-	-	-
Other	54	35	70	-
Impact of the tax consolidation system:				
Non-assessable and non-deductible amounts related to transactions within the tax-consolidated group	-	-	492	-
Current and deferred taxes relating to transactions, events and balances of wholly-owned subsidiaries in the tax-consolidated group	-	-	(2,283)	741
Net income tax (expense)/benefit arising under the tax sharing agreement with subsidiaries in the tax-consolidated group	-	-	2,283	(741)
Income tax (expense)/benefit relating to ordinary activities	(2,110)	828	173	87

Tax Consolidation System

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

This legislation, which includes both mandatory and elective elements, is applicable to the Company. The impact of the mandatory elements of the tax consolidation system on existing deferred tax balances of the consolidated entity and the Company has been reflected in the financial statements.

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. The head entity within the tax-consolidated group for the purposes of the tax consolidation system is Tassal Group Limited.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Tassal Group Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on a notional taxable income calculation for the entity at the current tax rate. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

5. Specified Directors' and Executives' Remuneration

(i) Specified Directors
The specified Directors of Tassal Group Limited during the year were:

Name	Title	Current Financial Year Tenure
D. Williams	Previous Chairman, Non-executive Director	Retired 17 June 2005
M. Fremder	Non-executive Director	Retired 18 March 2005
G. Hunt (C. Bright – Alternate Director)	Non-executive Director	Appointed 18 March 2005
A. McCallum	Chairman, Non-executive Director	Throughout the financial year Appointed Chairman 27 June 2005
J. Monk	Non-executive Director	Throughout the financial year
R. Roberts	Non-executive Director	Appointed 18 March 2005
M. Van Ryn	Non-executive Director	Throughout the financial year
J. Watson	Non-executive Director	Throughout the financial year

(ii) Specified Executives
The following table contains the details prescribed by Section 300A of the Corporations Act 2001 in relation to the names of the relevant specified executives, position held and the period for which the position was held. During the financial year ended 30 June 2005, the consolidated entity completed a restructure, which resulted in changes to the senior management team. The table below sets out the positions held for specified executives before and after the restructure.

Name	Title	Current Financial Year Tenure
M. Ryan	Chief Executive Officer	Throughout the financial year
M. Asman	General Manager – Marine Operations	Appointed 14 March 2005
N. Burrows	Company Secretary General Manager – Finance and Administration	Throughout the financial year
M. Green	General Manager - Operations	Throughout the financial year
A. McCoy	General Manager – Processing	(Ceased employment 5 May 2005)
A. Newman	General Manager - Sales and Marketing	1 July 2004 to 29 May 2005
	Business Manager - Retail	From 30 May 2005
N. Petracca	Manager – Workplace Risk	Appointed 4 October 2004
D. Williams	General Manager – Domestic and Export Markets	Appointed 30 May 2005

The Remuneration and Nominations Committee reviews the remuneration packages of all specified Directors and specified executives on an annual basis and makes recommendations to the Board. Remuneration packages are reviewed and determined with due regard to current market rates and benchmarked against comparable industry salaries, adjusted (where appropriate) by a performance factor to reflect changes in and alignment with, the performance of the consolidated entity.

5. Specified Directors' and Executives' Remuneration - Continued

(iii) Specified Directors' Remuneration

The following table outlines the nature and amount of each major element of the remuneration of specified Directors of the Company:

		Primary			Post Employment		Equity		
		Salary & Fees $	Bonus $	Non-monetary $	Super-annuation $	Prescribed Benefits $	Fully Paid Shares $	Options $	Total $
D. Williams (Retired 17 June 2005)	2005	65,000	-	-	5,850	-	-	-	70,850
	2004	47,701	-	-	4,293	-	-	-	51,994
M. Fremder (Retired 18 March 2005)	2005	33,750	-	-	3,038	-	-	-	36,788
	2004	33,024	-	-	2,972	-	-	-	35,996
G. Hunt (Appointed 18 March 2005)	2005	12,976	-	-	-	-	-	-	12,976
	2004	-	-	-	-	-	-	-	-
A. McCallum	2005	45,000	-	-	4,050	-	-	-	49,050
	2004	33,024	-	-	2,972	-	-	-	35,996
J. Monk	2005	45,000	-	-	4,050	-	-	-	49,050
	2004	33,024	-	-	2,972	-	-	-	35,996
R. Roberts (Appointed 18 March 2005)	2005	12,976	-	-	1,168	-	-	-	14,144
	2004	-	-	-	-	-	-	-	-
M. Van Ryn	2005	45,000	-	-	4,050	-	-	-	49,050
	2004	33,024	-	-	2,972	-	-	-	35,996
J. Watson	2005	45,000	-	-	4,050	-	-	-	49,050
	2004	33,024	-	-	2,972	-	-	-	35,996
Total	2005	304,702	-	-	26,256	-	-	-	330,958
	2004	212,821	-	-	19,153	-	-	-	231,974

(2004 Comparatives are for the period from 5 September 2003 to 30 June 2004).

(Mr McCallum, who has been a Director since 7 October 2003, was appointed Chairman of the Board on 27 June 2005).

Notes:

The Constitution of the Company provides that Non-executive Directors may collectively be paid from a fixed sum out of the funds of the Company as remuneration for their services as Directors. The fixed sum has been set at $400,000 per annum (pursuant to the Company's initial Prospectus dated 9 October 2003). This amount can only be increased by the passing of an ordinary resolution of shareholders. The Board can determine the allocation of this fixed sum to Directors.

Current fees payable to the Non-executive Directors of the Company have been established as follows:

- the Chairman is entitled to a fee of $65,000 each year; and
- each other Director is entitled to a fee of $45,000 each year.

In addition to the Directors' fees, the Company will also pay the Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

There are no additional fees paid for membership or chairing Board Committees or attendance at Committee meetings.

In accordance with the Constitution, Directors are permitted to be paid additional fees for special services or exertions. No such fees were paid during the year. Directors are also entitled to be reimbursed for all business-related expenses, including travel on Company business, as may be incurred in the discharge of their duties. Such reimbursements are not included in the aggregate remuneration cap approved by shareholders.

The Board reviews its fees to ensure the Company's Non-executive Directors are fairly remunerated for services, recognising the level of skill and experience required to conduct the role, and to have in place a fee scale which enables the Company to attract and retain talented Non-executive Directors. In conducting a review the Board takes advice from an external independent remuneration consultant. The review process involves benchmarking against a group of peer companies.

The remuneration of Non-executive Directors is differentiated from that of Company employees. Remuneration is fixed; there is no variable, short term incentive or performance related remuneration for Non-executive Directors, nor is there any entitlement to retirement allowances or payments other than the statutory superannuation required by law. The Board has determined that Non-executive Directors shall receive only fixed remuneration by way of payment of fees.

(iv) Specified Executives' Remuneration

The following table outlines the nature and elements of the remuneration of the five highest paid executives and specified executives of the Company and the consolidated entity:

		Primary			Post Employment		Equity		Other	
		Salary & Fees[1] $	Bonus[2] $	Non-[3] monetary $	Super-annuation $	Prescribed Benefits $	Fully Paid Shares $	Options[4] $	Termination[5] Benefits $	Total $
M. Ryan	2005	392,789	-	2,792	31,516	-	66,369	-	-	493,466
	2004	220,172	-	141	17,624	-	96,000	6,082	-	340,019
A. Newman	2005	217,284	-	6,383	16,409	-	-	-	-	240,076
	2004	124,057	-	1,493	8,044	-	-	-	-	133,594
N. Burrows	2005	170,381	25,000	4,343	14,660	-	-	-	-	214,384
	2004	103,255	-	2,117	8,373	-	-	-	-	113,745
A. McCoy (Ceased employment 5 May 2005)	2005	138,764	-	7,948	10,692	-	-	-	56,116	213,520
	2004	86,240	-	1,411	7,052	-	-	-	-	94,703
M. Green	2005	170,923	-	2,500	13,516	-	-	-	-	186,939
	2004	84,711	-	3,011	6,717	-	-	-	-	94,439
N. Petracca (Appointed 4 October 2004)	2005	123,703	-	1,407	9,947	-	-	-	-	135,057
	2004	-	-	-	-	-	-	-	-	-
M. Asman (Appointed 14 March 2005)	2005	50,220	-	-	3,587	-	-	-	-	53,807
	2004	-	-	-	-	-	-	-	-	-
D. Williams (Appointed 30 May 2005)	2005	16,927	-	-	1,226	-	-	-	-	18,153
	2004	-	-	-	-	-	-	-	-	-
Total	2005	1,280,991	25,000	25,373	101,553	-	66,369	-	56,116	1,555,402
	2004	618,435	-	8,173	47,810	-	96,000	6,082	-	776,500

(2004 Comparatives are for the period from 5 September 2003 to 30 June 2004).

(The elements of the remuneration packages in the above table have been determined on a cost to the Company and the consolidated entity basis and reflect the relevant respective periods of service).

1. Salary and fees includes salary, annual leave and long service on an accruals basis.
2. Cash bonuses relate to performance bonuses. Following a recommendation from the Remuneration and Nominations Committee the Board approved the payment of a bonus of $25,000 to the Company Secretary in recognition of his efforts in successfully concluding the Aquatas Pty Ltd acquisition process. There were no other short term incentive or bonus payments made to other senior executives during the financial year ended 30 June 2005.
3. Non-monetary benefits include sundry benefits relating to Fringe Benefits Tax.
4. The notional value ascribed to the ordinary share and options components of the Chief Executive Officer's remuneration package pursuant to his employment contract, together with the variation inputs and methodology used by an independent actuary in their determination, are separately described in note 5 (v).
5. Termination benefits include notice or redundancy payments where applicable.

(v) Contract for Services – Chief Executive Officer

The structure of the Chief Executive Officer's compensation is in accordance with his employment agreement, with the remuneration package consisting of four elements: base salary (fixed), short term cash incentive, long term options incentive and an ordinary share incentive.

- *Fixed Remuneration*

  The Chief Executive Officer's fixed remuneration is $400,000 per annum. This amount is reviewed annually by the Board and Remuneration and Nominations Committee, and is currently fixed until 1 September 2006. The fixed remuneration includes the 9% Superannuation Guarantee Contribution. Non-monetary benefits are provided on a "salary sacrifice basis". The types of benefits that can be packaged by the Chief Executive Officer include superannuation and motor vehicles.

- *Variable Remuneration - Short Term Incentive (STI – cash)*

  The Chief Executive Officer's employment contract refers to his participation in the cash based STI program established by the Board for the financial year ended 30 June 2006.

5. Specified Directors' and Executives' Remuneration - Continued

(v) Contract for Services – Chief Executive Officer (Continued)
Tassal acquired Aquatas Pty Ltd on 18 March 2005. $9 million synergies have been targeted from this acquisition, the delivery of which will underpin a substantially higher operating result and net profit after tax for the 2006 financial year (refer also Chairman's and Chief Executive Officer's Report).

The STI program is specifically linked to and only payable on the delivery of the Aquatas acquisition synergies and the achievement of a range of pre-defined operational performance hurdles.

Attainment of these synergies and targets are, in the view of the Board, key to the delivery of shareholder value. The Chief Executive Officer's share of the STI pool is 25% with the balance allocated as follows:

Senior executives	45%
Other employees	30%

The senior executive's share of the STI pool is to be determined and approved by the Remuneration and Nominations Committee.

The allocation of the balance of the STI (i.e. 30%) to other key employees will be determined and approved by the Remuneration and Nominations Committee after considering the recommendations of the Chief Executive Officer, who in coming to a recommendation, has considered the views of the senior executives.

During the financial year ended 30 June 2005, there were no STI payments made to the Chief Executive Officer.

The Chief Executive Officer is also entitled to a cash bonus of between 15% and 20% of his base salary provided that the Company Earnings Per Share ("EPS") is at least 10% greater than the pre-SGARA and DOA EPS annualised threshold outlined in the Company's initial Prospectus (dated 8 October 2003), and adjusted for the impact of the Aquatas acquisition.

At the date of this report, no payment has been made under this arrangement and no obligation exists.

- *Variable Remuneration – Ordinary Shares*
  Pursuant to his employment contract, the Chief Executive Officer is entitled to a "one-off" issue of 600,000 fully paid ordinary shares. The vesting period for the ordinary shares pursuant to this arrangement is three years, with one third vesting each year subject to pre-defined continuing EPS hurdles being met.

  The 200,000 ordinary shares applicable to the financial year ended 30 June 2004 did not vest, are non-cumulative and have lapsed.

  For the 2005 and 2006 financial years, the vesting of the remaining 400,000 ordinary shares is cumulative, accordingly if any one year is missed, the entitlement to shares in respect of that year can be made up and vest, based on the EPS performance, in the following year only.

  At the date of this report, no shares have been vested under this arrangement and no obligation exists with respect to the 2005 financial year.

  The fair value of the ordinary shares subject to this arrangement was calculated at grant date by an independent valuer at 66.369 cents per share for purposes of disclosure in the Remuneration Report.

  The following table sets out assumptions applied to determine the fair value of the ordinary shares at grant date:

Share price at grant date	$0.70000
Risk free rate	5.36%
Dividend yield (present value)	5.18%
Fair value of ordinary shares at grant date	$0.66369

  Based on the above, the estimated fair value of the ordinary shares at the grant date is $265,476. The estimated fair value of the Chief Executive Officer's contractual right to fully paid ordinary shares applicable to the financial year ended 30 June 2005 is $66,369 which has been disclosed in the specified executives' remuneration table.

- *Variable Remuneration – (LTI - Options)*
  Pursuant to his employment contract, the Chief Executive Officer is entitled to a long-term incentive bonus payable in the form of options equivalent to a value of 25% of his base salary. For the 2005 financial year, the issue of options is conditional upon the pre-SGARA and DOA EPS of the Company for the particular year being at least 10% greater than for the previous year, and on a cumulative basis if the EPS growth target is missed.

  The number of options issued will be the bonus portion of base salary divided by a valuation of the options using the standard Black-Scholes methodology. The exercise price will be determined based on a five-day weighted average price, a month post the release of the annual results for the year in respect of which the options are issued and after the application of a 5% discount factor.

  The required EPS hurdle for the financial year ended 30 June 2005 has not been met and accordingly the right to the options pursuant to this arrangement has lapsed.

(vi) Contract for Services – Senior Executives
A controlled entity, Tassal Operations Pty Ltd, has service contracts with Mr Asman (General Manager – Marine Operations) and Mr Petracca (Manager – Workplace Risk). No termination benefits are provided for under these arrangements. Other senior executive's employment arrangements are for undefined terms and as such are capable of termination on reasonable notice.

- M. Asman
  Mr Asman's service contract is for an initial minimum term of two years, with a further extension available by mutual agreement. Either party may terminate the contract at any time by giving three month's notice.
- N. Petracca
  Mr Petracca's service contract is for an initial minimum term of two years, with a further two year extension available by mutual agreement. Either party may terminate the contract at any time by giving one month's notice.

(vii) Changes in Appointment after Balance Date
Mr Greg Hunt retired as a Non-executive Director on 30 July 2005.

Mr Charles Bright was appointed as a Non-executive Director on 4 August 2005.

Mr Matthew Green, General Manager – Operations, ceased employment on 16 September 2005.

6. Remuneration of Auditors

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$	$	$	$
Auditing the Annual Financial Report	95,000	85,000	-	-
Other services (i)	238,296	548,628	-	-
	333,296	633,628	-	-

(i) 2005:
The "other services" principally refers to professional services rendered as part of the acquisition of Aquatas Pty Ltd by Tassal Group Ltd and associated tax and business acquisition structuring advice.

2004:
The "other services" principally refers to the Independent Accountants' review undertaken as part of the acquisition of the business of Tassal Limited (Receivers and Managers Appointed), the Independent Accountants' Report prepared for the Prospectus dated 9 October 2003 and associated tax and business acquisition structuring advice.

7. Current Receivables

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Trade receivables	16,627	13,648	-	-
Allowance for doubtful debts	(388)	(243)	-	-
	16,239	13,405	-	-
Goods and services tax (GST) receivable	1,014	478	-	-
Foreign currency hedge receivable	1,212	-	-	-
Amount receivable from wholly-owned controlled entities (i)	-	-	28,438	30,275
Other receivables	756	540	77	-
	19,221	14,423	28,515	30,275

(i) Amounts receivable from the entities in the wholly-owned group include amounts arising out of the entity's tax-sharing agreement. (refer to note 4 for details).

8. Current Inventories

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Raw materials				
At cost	1,896	1,209	-	-
Finished goods				
At cost	17,083	6,370	-	-
	18,979	7,579	-	-

9. SGARA

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Livestock (i)				
At net market value	45,847	32,476	-	-

(i) Tassal Operations Pty Ltd grows fish from juveniles through to harvest (approximately 16 months). Total weight of live finfish at the end of the year was 7,382,277 kilograms (2004: 5,152,557 kilograms).

10. Other Current Assets

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Prepayments	343	424	-	-

11. Other Non-Current Financial Assets

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Shares in other entities at cost (i)	5,217	3,581	-	-
Shares in controlled entities	-	-	28,016	-
	5,217	3,581	28,016	-

(i) The Company and consolidated entity owns 61.62% of the voting shares and 67.83 % of the issued capital of Salmon Enterprises of Tasmania Pty Ltd (Saltas). Saltas supplies smolt to the Tasmanian aquaculture industry.

Saltas is an Associate of the Company, however the Board does not consider it appropriate to consolidate Saltas as the nature of the voting powers of the Board members as detailed in the Constitution of Saltas is such that the consolidated entity does not have the capacity to control Saltas.

No adjustment to the carrying amount of the investment in Saltas has been made at the report date as the amount is considered to be immaterial in nature, given Saltas is primarily a not-for-profit entity operating on a "break even" basis.

12. Property, Plant and Equipment

Consolidated:

	Freehold land at cost $'000	Buildings at cost $'000	Plant & equipment at cost $'000	Equipment under finance lease at cost $'000	Capital works in progress at cost $'000	Total $'000
Gross carrying amount						
Balance as at 30 June 2004	1,571	8,555	11,987	1,304	1,076	24,493
Acquisition of business (i)	595	1,193	7,033	-	1,340	10,161
Additions	-	52	3,915	3,719	4,601	12,287
Disposals	-	-	(77)	-	-	(77)
Transfers to asset categories	-	-	-	4,640	(4,640)	-
Balance as at 30 June 2005	2,166	9,800	22,858	9,663	2,377	46,864
Accumulated depreciation						
Balance as at 30 June 2004	-	(135)	(1,662)	(130)	-	(1,927)
Depreciation expense	-	(225)	(3,232)	(266)	-	(3,723)
Disposals	-	-	27	-	-	27
Balance as at 30 June 2005	-	(360)	(4,867)	(396)	-	(5,623)
Net book value						
As at 30 June 2004	1,571	8,420	10,325	1,174	1,076	22,566
As at 30 June 2005	2,166	9,440	17,991	9,267	2,377	41,241

(i) Property, plant and equipment acquired pursuant to the acquisition of the business of Aquatas Pty Ltd.

Freehold and leasehold land and buildings were independently valued by Mr M.J. Page B.Bus (Property) AAPI of Knight Frank Tasmania as at 10 November 2003 and as at 18 March 2005 for freehold land and buildings acquired as part of the Aquatas Pty Ltd acquisition. The valuations were assessed using depreciated replacement cost techniques incorporating an allowance for age, condition and functional obsolescence and where appropriate, applying criteria relevant to the specified and intended use of the property.

The independent valuation of these properties determined a value of $15.4 million.

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:				
Buildings	225	135	-	-
Plant and equipment	3,232	1,679	-	-
Equipment under finance lease	266	141	-	-
	3,723	1,955	-	-

13. Deferred Tax Assets

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Future income tax benefit:				
Tax losses – revenue	678	506	678	506
Timing differences attributable to:				
Parent entity	-	-	-	-
Entities in the tax-consolidated group (i)	1,853	885	1,853	885
	2,531	1,391	2,531	1,391
(i) Entities in the tax-consolidated group have entered into a tax-sharing agreement. Refer to note 4 for further information.				
Future income tax benefit arising from tax losses has been reduced by the provision for deferred income tax attributable to timing differences by the amount of	10,379	-	10,379	-

14. Intangibles

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Goodwill (i)	15,121	-	-	-
Accumulated amortisation	-	-	-	-
	15,121	-	-	-

(i) Goodwill arose on the acquisition of Aquatas Pty Ltd. Refer to note 31 for further information.
No amortisation has been recognised for the period from acquisition to 30 June 2005, due to materiality.

15. Other Non-Current Assets

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Marine farming lease – at cost	510	265	-	-
Accumulated amortisation	(16)	(7)	-	-
	494	258	-	-

16. Current Payables

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Trade Payables	16,281	9,599	-	-
Other creditors and accruals	2,794	2,911	251	-
Goods and services tax (GST) payable	273	67	-	-
	19,348	12,577	251	-

17. Current Interest - Bearing Liabilities

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Secured:				
Bank overdrafts (i)	1,668	2,782	-	-
Commercial bills (i)	24,000	3,000	-	-
Fully drawn advance (i)	2,000	-	-	-
Finance lease liabilities (ii)	1,679	397	-	-
Bank loans (iii)	2,941	139	-	-
	32,288	6,318	-	-
Unsecured:				
Other loans	66	32	-	-
	32,354	6,350	-	-

(i) Secured by registered mortgages over the consolidated entity's assets and undertakings, freehold land and buildings and shares in other related parties, the current market value of which exceeds the value of the mortgages.

(ii) Secured by assets leased, the value of which exceeds the lease liability. The comparative amount has been reduced by $0.056 million attributable to term charges relating to finance leases to reflect consistency with the current reporting period treatment.

(iii) Secured by assets, the value of which exceeds the loan liability.

18. Current Provisions

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
(a) Current provisions comprise:				
Employee benefits (refer to note 22)	2,550	1,961	-	-
Restructuring and termination costs (i)	336	-	-	-
	2,886	1,961	-	-

(i) Restructuring and termination costs relating to infrastructure rationalisation and redundancy and notice costs arising on the acquisition of Aquatas Pty Ltd on 18 March 2005.

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
(b) Movement in provision for restructuring and termination costs:				
Balance at 30 June 2004	-	-	-	-
Additional provisions arising on the acquisition of Aquatas Pty Ltd	532	-	-	-
Reductions arising from payments	(196)	-	-	-
Balance at 30 June 2005	336	-	-	-

19. Other Current Liabilities

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Deferrred gain on foreign currency contracts	1,002	-	-	-

20. Non-Current Interest - Bearing Liabilities

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Secured:				
Commercial bills (i)	-	17,235	-	-
Fully drawn advance (i)	12,000	-	-	-
Finance lease liabilities (ii)	6,348	531	-	-
Bank loans (iii)	-	557	-	-
	18,348	18,323	-	-
Unsecured:				
Other loans	68	64	-	-
	18,416	18,387	-	-

(i) Secured by registered mortgages over the consolidated entity's assets and undertakings, freehold land and buildings and shares in other related parties, the current market value of which exceeds the value of the mortgages.

(ii) Secured by assets leased, the value of which exceeds the lease liability. The comparative amount has been reduced by $0.060 million attributable to term charges relating to finance leases to reflect consistency with the current reporting period treatment.

(iii) Secured by assets, the value of which exceeds the loan liability.

21. Deferred Tax Liabilities

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Deferred tax liability attributable to:				
Parent entity	-	-	-	-
Entities in the tax-consolidated group (i)	-	1,223	-	1,223
	-	1,223	-	1,223

(i) Entities in the tax-consolidated group have entered into a tax-sharing arrangement. Refer to note 4 for further information.

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
The provision for deferred income tax has been reduced by future income tax benefits attributable to timing differences by the amount of	10,379	-	10,379	-

22. Non-Current Provisions

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Employee benefits:	401	456	-	-

The aggregate employee benefit liability recognised and included in the financial statements is as follows:

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
Provision for employee benefits				
Current (refer to note 18)	2,550	1,961	-	-
Non-current	401	456	-	-
	2,951	2,417	-	-

There were 516 (2004: 429) employees at the end of the financial year.

23. Contributed Equity

	Note	Consolidated and Company 30 June 2005 Number	30 June 2005 $'000	30 June 2004 Number	30 June 2004 $'000
(a) Issued ordinary share capital (fully paid):					
110,875,575 ordinary shares (2004: 82,000,000)			58,502		30,307
(b) Movements in ordinary share capital					
Balance as at beginning of financial period (2004: at 5 September 2003)		82,000,000	30,307	1,000	1
Issued to financiers		-	-	308	-
Share split	(i)	-	-	16,998,692	-
Financier shares	(ii)	-	-	2,000,000	1,000
Issued to underwriter	(iii)	-	-	1,000,000	500
Issued pursuant to Prospectus **	(iv)	-	-	62,000,000	31,000
Issued pursuant to Dividend Re-investment Plan	(v)	1,156,681	1,026	-	-
Issued to Webster Limited pursuant to Merger Agreement re acquisition of Aquatas Pty Ltd	(vi)	27,718,894	27,336	-	-
		110,875,575	58,669	82,000,000	32,501
Share issue costs pursuant to prospectus - non-cash	(iv)		-		(500)
Share issue costs pursuant to prospectus - cash	(iv)		-		(1,694)
Share issue costs pursuant to issue of shares to Webster Limited in respect of acquisition of Aquatas Pty Ltd			(167)		-
		110,875,575	58,502	82,000,000	30,307

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Notes:

(i) Splitting of the ordinary share capital of the company from 1,308 ordinary shares into 17,000,000 ordinary shares.

(ii) The issue of 2,000,000 ordinary shares to the financiers as defined within the Prospectus**.

(iii) The issue of 1,000,000 ordinary shares to the underwriters of the Prospectus**.

(iv) The issue of 62,000,000 ordinary shares pursuant to the Prospectus**.

(v) On 1 November 2004, 1,156,681 ordinary shares were issued pursuant to the Company's Dividend Re-investment Plan at an issue price of $0.8866 per share. A discount factor of 5% was applicable.

(vi) On 18 March 2005, pursuant to a Merger Agreement dated 1 February 2005, 27,718,894 ordinary shares were issued to Webster Limited at an issue price
of $0.9862 per share in exchange for all of the issued capital of Aquatas Pty Ltd.

** During the financial period ended 30 June 2004, and pursuant to a Business Sale and Purchase Deed dated 8 October 2003, the Company and Tassal Operations Pty Ltd (a wholly-owned subsidiary within the Group) acquired the business of Tassal Limited (Receivers and Managers Appointed). As part of the consideration the Company allotted 62,000,000 ordinary shares at an issue price of $0.50 per ordinary share pursuant to a Prospectus dated 9 October 2003 and lodged with Australian Securities and Investments Commission on that date.

(c) Share options

On 20 January 2004, the Company issued 500,000 options over fully paid ordinary shares in the Company to an unrelated third party. The exercise price for the options was 95.73 cents per share, with the price determined by reference to the weighted average Australian Stock Exchange traded price of the Company's shares for the 5 business days commencing Monday 1 March 2004. The options were not exercised on or before 30 June 2005, and accordingly have lapsed.

24. Retained Profits

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Balance as at beginning of financial period (2004: at 5 September 2003)	11,442	-	136	-
Net profit attributable to members of the parent entity	6,344	11,442	1,813	136
Dividends provided for or paid (refer note 26)	(1,640)	-	(1,640)	-
Balance at end of financial year	16,146	11,442	309	136

25. Earnings Per Share (EPS)

	Consolidated 2005	Consolidated 2004
	(CPS)	(CPS)
Basic EPS	6.99	13.95
Diluted EPS	6.99	13.89
	2005 No. '000	2004 No. '000
Weighted average number of ordinary shares used as the denominator in calculation of EPS		
Number of basic EPS	90,741	82,000
Options issued to unrelated third party (i)	-	346
Number for diluted EPS	90,741	82,346
	2005 $'000	2004 $'000
Earnings used as the numerator in the calculation of EPS (ii)		
Basic EPS	6,344	11,442
Diluted EPS	6,344	11,442

(i) The options issued to an unrelated party are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.

(ii) Earnings used in the calculation of basic and diluted earnings per share is as per net profit in the Statement of Financial Performance.

26. Dividends

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
(a) Recognised amounts				
Fully paid ordinary shares:				
Final dividend paid in respect of prior financial period	1,640	-	1,640	-
No interim dividend has been declared in respect of ordinary shares for the current financial year.				
The Company has not paid tax and therefore has no franking credits available at the reporting date.				
(b) Unrecognised amounts				
Fully paid ordinary shares:				
Final dividend in respect of current financial year	2,772	1,640	2,772	1,640
The Directors have declared a final unfranked dividend of $2.772 million (2.5 cents per ordinary share) in respect of the financial year ended 30 June 2005. The record date for determining entitlements to this dividend is 7th October 2005. The Company's Dividend Reinvestment Plan will apply to the final dividend, and a discount rate of 5% will be applicable.				
The Company will not have any franking credits available for distribution at the date of the dividend payment. Franking credits will arise when the Company makes income tax payments.				
The final dividend in respect of ordinary shares for the year ended 30 June 2005 has not been recognised in this report because the final dividend was declared subsequent to 30 June 2005.				
(c) Movement in provision for dividend				
Balance at 30 June 2004	-	-	-	-
Additional provisons recognised	1,640	-	-	-
Reductions arising from payments	(1,640)	-	-	-
Balance at 30 June 2005	-	-	-	-

27. Commitments for Expenditure (i)

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Capital expenditure commitments plant and equipment				
Not longer than 1 year	155	118	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	155	118	-	-

(i) Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 28 to the financial statements.

28. Leases

(a) Finance lease liabilities

	Minimum Future Lease Payments				Present Value of Minimum Future Lease Payments			
	Consolidated		Company		Consolidated		Company	
	2005	2004	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
No later than 1 year	2,237	453	-	-	1,679	397	-	-
Later than 1 year and not later than 5 years	7,274	591	-	-	6,348	531	-	-
Later than 5 years	-	-	-	-	-	-	-	-
Minimum lease payments*	9,511	1,044	-	-	8,027	928	-	-
Less future finance charges	(1,484)	(116)	-	-	-	-	-	-
Present value of minimum lease payments	8,027	928	-	-	8,027	928	-	-
Included in the financial statements as								
Current interest-bearing liabilities (refer to note 17)					1,679	397	-	-
Non-current interest-bearing liabilities (refer to note 20)					6,348	531	-	-
					8,027	928	-	-

* Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

Finance lease liabilities relate to various plant and equipment with lease terms of up to five years.

(b) Non-cancellable operating leases

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Not longer than 1 year	1,621	1,459	-	-
Longer than 1 year and not longer than 5 years	2,454	3,565	-	-
Longer than 5 years	38	-	-	-
	4,113	5,024	-	-

The consolidated entity leases property and equipment under non-cancellable operating leases with terms of one to ten years. Contracts for specific property leases for hatchery, processing and marine lease infrastructure are for initial terms of 5 years, with options to renew for a further two 5 year terms incorporating contract market review clauses.

29. Contingent Liabilities

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
Court proceedings (i)	76	-	-	-

(i) An entitiy in the consolidated entity is a defendant in legal actions involving disputes over employee severance payments. The Directors believe, based on legal advice, that the actions can be successfully defended. The amount disclosed as a contingent liability represents the Directors' estimate of the aggregate of these liabilities should the actions be upheld.

30. Investments in Controlled Entities

Details of controlled entities are reflected below:

		Ownership Interest	
Name of Entity	Country of Incorporation	2005	2004
Parent Entity:			
Tassal Group Limited (i)	Australia		
Controlled Entities: (ii)			
Tassal Operations Pty Ltd (iii)	Australia	100%	100%
Aquatas Pty Ltd (iv)	Australia	100%	-

(i) Tassal Group Limited is the head entity within the tax-consolidated group.

(ii) These companies are members of the tax-consolidated group.

(iii) Tassal Operations Pty Ltd was established as a wholly-owned subsidiary on 19 September 2003.

(iv) Aquatas Pty Ltd was acquired on 18 March 2005 pursuant to a Merger Agreement with Webster Limited (refer to note 31).

31. Acquisition of Businesses

Financial Year Ended 30 June 2005:
On 18 March 2005 ("Completion"), pursuant to a Merger Agreement dated 1 February 2005, Tassal acquired all of the issued shares in the capital of Aquatas Pty Ltd from Webster Limited ("Webster") in exchange for the issue of new Tassal Shares equal in number to one-third of Tassal's issued share capital (as at immediately prior to Completion). In addition, Tassal was required to pay to Webster an amount equal to the Webster Loan Amount, being an amount equal to one-third of the aggregate of the Tassal Net Interest Bearing Debt at Completion and $1 million.

(Tassal non-associated shareholders approved the issue of new shares to Webster at a General Meeting held on 17th March 2005).

In accordance with the Merger Agreement, Tassal issued 27,718,894 fully paid ordinary shares to Webster and assumed additional debt of $10.759 million in exchange for all the issued shares in the capital of Aquatas Pty Ltd.

Following Completion, Webster now holds 25% of all Tassal shares on issue.

Only the operating results from the date of acquisition of Aquatas Pty Ltd have been included in the consolidated net profit.

A provision for restructuring and termination costs was established at the aquisition date in respect of infrastructure rationalisation and redundancy and notice costs [refer note 18(a)(i)].

Period Ended 30 June 2004:
During the period and pursuant to a Business Sale and Purchase Deed dated 8 October 2003, the Company and its controlled entity acquired the business of Tassal Limited (Receivers and Managers Appointed). A summary of the consideration paid and fair value of net assets acquired is provided at note 35(c). The acquisition was funded with the proceeds from the IPO and bank debt.

A discount on acquisition of $14.063 million arose on the acquisition of the business of Tassal Limited (Receivers and Managers Appointed). Under current Australian Accounting Standards this discount must be written off immediately to non-monetary assets (being inventory, SGARA, property, plant and equipment and investments) on a pro rata basis. Following the allocation of the DOA to the non-monetary assets acquired and the application of the Australian Accounting Standard AASB 1037 "Self-generating and Regenerating Assets" (SGARA), which requires SGARA inventory to be revalued back to its net market value, a revaluation of $7.621 million has been reflected in the Statement of Financial Performance as an uplift in the net profit.

Changes in the Composition of the Consolidated Entity

Name of Business Acquired:	Aquatas Pty Ltd
Principal Activity:	Farming, processing and marketing of Atlantic Salmon and Trout
Date of Acquisition:	18 March 2005
Proportion of Shares Acquired (%):	100%
Cost of Acquisition ($'000): (i)	$37,944

(i) Cost of Acquisition

The components of the cost of acquisition of Aquatas Pty Ltd are summarised as follows:

	$'000
27,718,894 ordinary shares at issue price of $0.9862 issued to Webster Limited	27,336
Payment to Webster Limited for "Vendor Loan Amount" being an amount equal to one-third of the aggregate of the Tassal Net Interest Bearing Debt and $1 million as at 18 March 2005	10,759
Interest bearing debt retained by Aquatas Pty Ltd and assigned to the Company	(580)
Amount of Aquatas Pty Ltd net operating assets below $30 million threshold pursuant to Merger Agreement	(411)
Costs incidental to the acquisition	840
	37,944
Represented by:	
Fair value of assets acquired [refer to note 35(b)]	12,895
Payment for estimate of Vendor Loan Amount	9,928
Goodwill on acquisition	15,121
	37,944

Further details on the acquisition of businesses are disclosed in note 35(b) to the financial statements.

32. Segment Information

The consolidated entity operates principally within a single primary segment, being the seafood industry predominantly within Australia and derives its revenue predominantly from the sale of Atlantic salmon within Australia.

33. Related Party Disclosures

Identity of related parties

The following persons and entities are regarded as related parties:

(a) Controlled entities:
Tassal Operations Pty Ltd
Aquatas Pty Ltd

(Refer to note 30 for details of equity interests in the above controlled companies).

(b) Other entities:
Salmon Enterprises of Tasmania Pty Ltd (refer to note 11 for details of equity interests).

(c) Specified Directors and specified executives:
Specified Directors and specified executives also include specified Directors' and specified executives' spouses, relatives, siblings and other Director and executive personally related entities.

Transactions between Related Parties

(a) Specified Directors and specified executives:
In determining the disclosures noted below, specified Directors and specified executives have made appropriate enquiries to their best ability and the information presented reflects their knowledge.

Other than as disclosed herein, specified Directors and specified executives are not aware of any relevant transactions, other than transactions entered into during the year with Directors and executives of the Company and its controlled entities and their Director and executive personally related entities which occur within a normal customer relationship on terms and conditions no more favourable than those available on similar transactions with other customers.

(i) Loans
There have been no loans entered into during or since the end of the financial year to specified Directors and specified executives of the Company.

(ii) Equity Holdings
The movement during the reporting period in the number of ordinary shares of Tassal Group Limited held directly, indirectly or beneficially, by each specified Director and each specified executive, including Directors' spouses, relatives, siblings and other personally related entities for the respective periods of their office during the reporting period is as follows:

	Balance at 1/7/04	Granted as Remuneration	Exercise of Options	Net Change Other	Balance at Resignation Date (if applicable)	Balance at 30/6/05
D. Williams (Retired 17 June 2005)	16,000,000	-	-	360,929	16,360,929	N/A
M. Fremder (Retired 18 March 2005)	1,500,000	-	-	(1,500,000)	-	N/A
G. Hunt (Appointed 18 March 2005)[1]	-	-	-	27,718,894	-	27,718,894
A. McCallum	150,000	-	-	13,383	-	163,383
J. Monk	30,000	-	-	35,788	-	65,788
R. Roberts (Appointed 18 March 2005)[1]	-	-	-	27,718,894	-	27,718,894
M. Van Ryn	248,250	-	-	-	-	248,250
J. Watson	150,000	-	-	45,250	-	195,250
M. Ryan[2]	-	-	-	-	-	-
M. Asman	-	-	-	-	-	-
N. Burrows	10,000	-	-	-	-	10,000
M. Green	-	-	-	-	-	-
A. Newman	-	-	-	-	-	-
D. Williams	-	-	-	-	-	-
Total	18,088,250	-	-	54,393,138	16,360,929	56,120,459

1. 27,718,894 ordinary shares were issued to Webster Limited under the terms of a Merger Agreement between Webster Limited and Tassal Group Limited. Both Mr Hunt and Mr Roberts were Directors of Webster Limited at the end of the financial year.

2. Refer to note 5 (v) for details of Mr Ryan's equity based remuneration arrangements. No shares or options were issued pursuant to these arrangements during the financial year and none were on issue at the end of the financial year.

(iii) Options and shares granted as remuneration

At the balance date the specified Directors and specified executives held no options over unissued shares in Tassal Group Limited.

The CEO, Mr Mark Ryan, has a contractual right to receive options if specified performance criteria are met. As at 30 June 2005, no options had been granted and there were nil on issue at year end. However the fair value of the options, determined using standard option valuation models is included in remuneration. Additionally, no fully paid shares were granted as remuneration during the year, however Mr Ryan has a contractual right to the issue of 600,000 ordinary shares over a three year period if certain performance hurdles are met. Refer to note 5 (v) to the financial statements for further discussion.

(iv) Other transactions
Details of specified Directors' and specified executives' remuneration are set out in note 5.

No specified Director or specified executive has entered into a contract or other transactions with the Company or the consolidated entity during the financial year and there were no contracts or other transactions involving specified Directors' and executives' interests subsisting at year end.

(b) Other entities

The Company and the consolidated entity entered into transactions with an associate, Salmon Enterprises of Tasmania Pty Ltd (Saltas) for the supply of smolt (juvenile salmon) and ancillary related items. These transactions were conducted on normal commercial terms and conditions and amountedto $3.732 million (2004: $1.221 million).

(c) Controlled entities

Tassal Group Limited is the ultimate parent entity in the wholly-owned group comprising the Company and its wholly-owned controlled entities. Details of dividend revenue derived by the entity from entities in the wholly-owned group are disclosed in note 3 to the financial statements.

Transactions between the Company and its controlled entities have been eliminated in the consolidated financial statements.

The aggregate amounts of transactions between the Company and its controlled entities are in the respective classification categories in the financial statements. The nature, terms and conditions of each different type of transaction area as follows:

- Inter-entity loans:
  Loans between the Company and its controlled entities are unsecured and advanced on an interest free basis. (Refer to note 7 to the financial statements).

34. Events Subsequent to Balance Date

Dividend declared

On 31 August 2005, the Directors declared a final unfranked dividend of 2.50 cents per ordinary share in respect of the financial year ended 30 June 2005. The record date for determining entitlements to this dividend is 7 October 2005. The Company's Dividend Reinvestment Plan will apply to the final dividend and a discount rate of 5% has been determined by the Directors.

Australian Equivalents to International Financial Reporting Standards

For the reporting periods beginning on or after 1 January 2005 the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (A-IFRS) as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting A-IFRS is disclosed in note 37 to the financial statements.

35. Notes to the Statement of Cash Flows

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
(a) For the purposes of the Statement of Cash Flows, 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 financial year as shown in the Statement of Cash Flows is reconciled as follows:				
Cash	61	5	-	-
Bank overdraft	(1,668)	(2,782)	-	-
	(1,607)	(2,777)	-	-

35. Notes to the Statement of Cash Flows - Continued

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
(b) Business Acquired – Year ended 30 June 2005				
On 18 March 2005, pursuant to a Merger Agreement dated 1 February 2005, the Company acquired all of the issued capital of Aquatas Pty Ltd.				
Consideration:				
Cash applied from proceeds of borrowings	9,928	-	9,928	-
Add:				
Costs incidental to the acquisition	840	-	840	-
Total purchase cost	10,768	-	10,768	-
Less cash balances acquired	(82)	-	(82)	-
Net cash outflow on acquisition	10,686	-	10,686	-
Fair value of assets acquired:				
Current assets:				
Cash	84	-	-	-
Receivables	4,485	-	-	-
Inventories	4,984	-	-	-
Self generating and regenerating assets	5,606	-	-	-
Other	92	-	-	-
Non-current assets:				
Other financial assets	1,332	-	-	-
Property, plant and equipment	10,160	-	-	-
Deferred tax assets	4,550	-	-	-
Other	253	-	-	-
Current liabilities:				
Payables	(6,959)	-	-	-
Interest-bearing liabilities	(10,015)	-	-	-
Provisions	(1,107)	-	-	-
Non-current liabilities:				
Interest-bearing liabilities	(493)	-	-	-
Deferred tax liabilities	(77)	-	-	-
Provisions	-	-	-	-
Net assets acquired	12,895	-	-	-
Goodwill on acquisition	15,121	-	-	-
	28,016	-	-	-

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
(c) Business Acquired – Period ended 30 June 2004				
During the period, and pursuant to a Business Sale and Purchase Deed dated 8 October 2003 the Company and its controlled entities acquired the business of Tassal Limited (Receivers and Managers Appointed).				
Consideration:				
Cash applied from proceeds of share issue	-	30,750	-	-
Cash applied from proceeds of borrowings	-	16,808	-	-
	-	47,558	-	-
Add costs incidental to the acquisition	-	1,586	-	-
Total purchase cost	-	49,144	-	-
Less cash balances acquired	-	(5)	-	-
Net cash outflow on acquisition	-	49,139	-	-
Fair value of assets acquired:				
Current assets:				
Cash	-	5	-	-
Receivables	-	13,386	-	-
Inventories	-	4,611	-	-
Self generating and regenerating assets	-	33,464	-	-
Other	-	351	-	-
Non-current assets:				
Other financial assets	-	4,477	-	-
Property, plant and equipment	-	27,706	-	-
Deferred tax assets	-	985	-	-
Other	-	340	-	-
Current liabilities:				
Payables	-	(18,378)	-	-
Interest-bearing liabilities	-	(32)	-	-
Provisions	-	(1,928)	-	-
Non-current liabilities:				
Interest-bearing liabilities	-	(1,138)	-	-
Deferred tax liabilities	-	(1,646)	-	-
Provisions	-	(582)	-	-
Net assets acquired	-	61,621	-	-
Discount on acquisition	-	(14,063)	-	-
	-	47,558	-	-

35. Notes to the Statement of Cash Flows - Continued

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
	$'000	$'000	$'000	$'000
(d) Reconciliation of profit from ordinary activities after income tax (expense) / benefit to net cash from operating activities				
Profit from ordinary activities after related income tax (expense) / benefit	6,344	11,442	1,813	136
Depreciation and amortisation of non-current assets	934	1,962	-	-
Depreciation – allocated to cost of live and processed fish inventories	2,805	-	-	-
SGARA restatement after application of DOA	-	(7,621)	-	-
Net (increment) / decrement in SGARA	(1,019)	83	-	-
(Profit) / loss on sale of fixed assets	(17)	(346)	-	-
Amounts set aside to provisions	(76)	89	-	-
(Increase) / decrease in deferred tax balances	2,109	(828)	(173)	(87)
Changes in net assets and liabilities net of effects from acquisition of businesses				
(Increase) / decrease in assets:				
Inventories	(5,659)	(1,669)	-	-
Self-generating and regenerating assets	(7,373)	70	-	-
Trade and other debtors	(1,226)	(1,021)	-	-
Prepayments	229	(129)	-	
Other	(304)	(41)	-	-
Increase / (decrease) in liabilities:				
Current payables	612	(4,175)	(1,640)	(10)
Current provisions	(244)	(366)	-	-
Non-current provisions	(265)	(127)	-	-
Net cash from operating activities	(3,150)	(2,677)	-	39
(e) Financing facilities				
Secured bank overdraft facilities subject to annual review and payable at call				
- Amount used	1,668	2,782	-	-
- Amount unused	1,332	218	-	-
	3,000	3,000	-	-
Secured bank loan facilities and invoice financing facilities subject to annual review and payable at call				
- Amount used	38,000	20,235	-	-
- Amount unused	7,000	9,265	-	-
	45,000	29,500	-	-
Lease finance facilities subject to annual review and payable at call				
- Amount used	10,969	1,092	-	-
- Amount unused	1,031	1,408	-	-
	12,000	2,500	-	-

(f) Non-cash Financing and Investing Activities

Changes in net assets and liabilities net of effects from acquisition of businesses:

On 18 March 2005, 27,718,894 ordinary shares were issued to Webster Limited pursuant to a Merger Agreement dated 1 February 2005 at an issue price of $0.9862 per share in exchange for all the issued capital of Aquatas Pty Ltd.

On 1 November 2004, 1,156,681 ordinary shares were issued pursuant to the Company's Dividend Re-investment Plan at an issue price of $0.8866 per share. A discount factor of 5% was applicable.

36. Financial Instruments

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(b) Objectives of Derivative Financial Instruments

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the export of salmon principally to Japan; and
- interest rate swaps to mitigate the risk of rising interest rates.

The consolidated entity does not enter into or trade derivative financial instruments for speculative purposes.

(c) Forward Foreign Exchange Contracts

It is the policy of the consolidated entity to enter into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than two years.

The consolidated entity's policy is to enter into forward exchange contracts to hedge all foreign currency plant and equipment purchases in excess of 50,000 Australian Dollars and to hedge a proportion (up to 100%) of foreign exchange sales expected over a two year time frame. Deferred gains on foreign currency contracts at the reporting date ($1.002 million - refer note 19) are expected to be fully realised prior to 30 June 2006. The amount of anticipated future sales is forecast in light of current trading conditions in foreign markets, commitments from customers and experience.

The following table details the forward foreign currency contracts outstanding as at reporting date:

	Average Exchange Rate		Principal Amount	
			2005	2004
Outstanding Contracts	2005	2004	$'000	$'000
Sell Japanese Yen				
Less than 3 months	74.12	-	1,565	-
3 to 6 months	74.12	-	2,746	-
Longer than 6 months	74.12	-	5,780	-
			10,091	-

(d) Interest Rate Risk

Pursuant to the consolidated entity's Treasury Policy, the Company uses interest rate swap contracts to manage interest rate exposure. Under these contracts, the Company agrees to exchange the difference between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of rising interest rates.

There were no interest rate swap contracts outstanding as at the reporting date, however subsequent to year end the Company entered into contracts to swap variable interest rate exposures for fixed interest rates. Aggregate notional principal amounts of $15,000,000 have been fixed using interest rate swap instruments, with $7,500,000 fixed at 6.04% for 2 years with an additional 1 year option and a further $7,500,000 fixed for 3 years at an interest rate cap of 6.50% and a floor of 5.66%. The effective commencement date for the interest rate swap contracts is 12 February 2006.

36. Financial Instruments - Continued

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2005:

			Fixed Interest Rate Maturity				
2005	Average Interest Rate $'000	Variable Interest Rate $'000	Less than 1 Year $'000	1 to 5 Years $'000	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial assets							
Cash	2.50%	61	-	-	-	-	61
Trade receivables	-	-	-	-	-	16,239	16,239
Other receivables	-	-	-	-	-	2,982	2,982
Investments	-	-	-	-	-	5,217	5,217
		61	-	-	-	24,438	24,499
Financial liabilities							
Trade payables	-	-	-	-	-	16,281	16,281
Other payables	-	-	-	-	-	4,069	4,069
Bank overdrafts	9.35%	1,668	-	-	-	-	1,668
Commercial bills	5.78%	-	24,000	-	-	-	24,000
Fully drawn advance	5.78%	-	2,000	12,000	-	-	14,000
Finance lease liabilities	7.75%	-	1,679	6,348	-	-	8,027
Bank loans	7.25%	-	2,941	-	-	-	2,941
Other loans	8.20%	-	66	68	-	-	134
Provisions	-	-	-	-	-	336	336
Employee benefits	-	-	-	-	-	2,951	2,951
		1,668	30,686	18,416	-	23,637	74,407

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2004:

2004							
Financial assets							
Cash	2.00%	5	-	-	-	-	5
Trade receivables	-	-	-	-	-	13,405	13,405
Other receivables	7.50%	-	56	60	-	1,018	1,134
Investments	-	-	-	-	-	3,581	3,581
		5	56	60	-	18,004	18,125
Financial liabilities							
Trade payables	-	-	-	-	-	9,599	9,599
Other payables	-	-	-	-	-	2,978	2,978
Bank overdrafts	9.20%	2,782	-	-	-	-	2,782
Commercial bills and bank loans	5.60%	-	3,000	17,235	-	-	20,235
Finance lease liabilities	7.40%	-	397	531	-	-	928
Other bank loans	7.40%	-	139	557	-	-	696
Other loans	8.20%	-	32	64	-	-	96
Employee benefits	-	-	-	-	-	2,417	2,417
		2,782	3,568	18,387	-	14,994	39,731

(e) Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate as a means of mitigating the risk of financial loss from defaults. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(f) Net Fair Value
The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the summary of accounting policies disclosed in note 1 to these financial statements and having regard to likely future cash flows.

37. Impacts of Adopting the Australian Equivalents to International Financial Reporting Standards

(a) Management of the Transition to AIFRS
Tassal Group Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("AIFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, Tassal Group Limited's first half-year report prepared under AIFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under AIFRS will be for the year ended 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to the comparative period. Most adjustments required on transition will be made retrospectively against opening retained earnings as at 1 July 2004.

The consolidated entity has established a project team to manage the transition to AIFRS, including training of staff and system and internal control changes necessary to gather all required financial information. The project team is led by the Company Secretary and reports to the Audit and Risk Committee. AIFRS transition is on schedule.

During the prior reporting period, the Company engaged consultants to conduct impact assessments to isolate key areas that will be impacted by the transition to AIFRS and to assist in the interpretation of AIFRS. As a result of this review the Company graded impact areas as high, medium or low to assist in addressing each of the areas in order of priority as represented by the gradings. During the current year, the Company has continued with its transition process from Australian GAAP to AIFRS and the previously identified key areas of impact have been further analysed. In some cases, choices of accounting policies are available, including elective exemptions under Accounting Standards AASB 1 First-time adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the consolidated entity.

The Directors are of the opinion that the key material differences in the consolidated entity's accounting policies on conversion to AIFRS and either the known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. No material impacts are expected in relation to the statement of cash flows.

Users of the financial statements should note, however that the amounts disclosed could change if there are any amendments by standard-setters to current AIFRS and the Directors may, at any time until the completion of the consolidated entity's first AIFRS compliant financial report, elect to revisit, and where considered necessary, revise the accounting policies applied in preparing the pro forma financial statements.

Further, although the adjustments disclosed in this note are based on the Company's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. Therefore, until the Company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

(b) Business Combinations
The Company has elected to make use of the transitional exemption available under AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards* and will not restate any business combinations that occurred prior to 1 July 2004. As a result, all business combinations previously recognised will continue to be recognised as business combinations for AIFRS purposes.

Accordingly, the impacts of the adoption of AIFRS on the financial report associated with past business combinations will be limited to the recognition of additional deferred tax assets and deferred tax liabilities and cessation of goodwill amortisation.

Tassal Group Limited acquired a subsidiary (Aquatas Pty Ltd) during the financial year ended 30 June 2005. Under AIFRS, deferred tax liabilities and deferred tax assets acquired are measured on a different basis to present, and contingent liabilities that are reliably measurable are required to be recognised as part of the business combination. No adjustments are required.

In addition, intangible assets are required to be recognised separately from goodwill where they meet the criteria for separate recognition – these intangible assets may not have been separately recognised from goodwill under present accounting requirements and accordingly have, if applicable, yet to be determined.

AASB 3 *Business Combinations* prohibits the recognition of restructuring provisions as a liability aquired in a business combination that are not existing liabilities of the aquiree at the date of the aquisition. If the policy required under the AIFRS had been applied during the year ended 30 June 2005 in respect of the provision for restructuring and termination costs arising on the aquisition of Aquatas Pty Ltd on 18 March 2005 [refer to note 18(b)] then goodwill will decrease by $373,000, an additional expense of $373,000 (being $205,000 additional employee expenses and $168,000 additional other expenses from ordinary activities) will be recognised in profit and loss for the financial year ended 30 June 2005.

(c) Impairment of Assets
Under AIFRS AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment testing is assessed for the individual asset or at the "cash generating unit" level. A "cash generating unit" is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets.

The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

In accordance with AASB 136 *Impairment of Assets*, consideration has been given to indicators of impairment and an assessment of impairment of fixed asset carrying values has been undertaken on adoption of the new standards, using future discounted cash flows. No impairment adjustments were identified at 1 July 2004 and 30 June 2005.

37. Impacts of Adopting the Australian Equivalents to International Financial Reporting Standards - Continued

(d) Intangible Assets – Goodwill
Under AIFRS, goodwill is not subject to amortisation, but must be tested for impairment on a discounted cash flow basis annually and whenever there is an indication that goodwill may be impaired.

Goodwill arose on the acquisition of Aquatas Pty Ltd (acquired 18 March 2005). The Directors have undertaken an impairment test at the reporting date with respect to the goodwill arising from this acquisition, and no impairment write-down has been identified.

(e) Property, Plant and Equipment
On initial adoption of AIFRS, the Company has elected to measure the cost of plant and equipment at 1 July 2004 to be equivalent to AIFRS true historical cost for accounting purposes, as permitted by the first-time adoption provisions *AASB 1 First-time adoption of Australian Equivalents to International Financial Reporting Standards.*

In accordance with AASB 136 *Impairment of Assets*, consideration has been given to indicators of impairment and an assessment of impairment of fixed asset carrying values has been undertaken on adoption of the new standards, using future discounted cash flows. No impairment adjustments were identified at 1 July 2004 and 30 June 2005.

As a result, there are no adjustments at 30 June 2005.

Under current Australian GAAP, revaluation increments and decrements within the land and buildings class of assets were recognised on a net basis; however, AIFRS requires revaluation increments and decrements to be recognised on an individual asset-by-asset basis.

The consolidated entity has not previously undertaken revaluations giving rise to revaluation increments or decrements and an asset revaluation reserve is not recognised in the consolidated entity's Statement of Financial Position.

(f) Revenue Disclosures in Relation to the Sale of Non-Current Assets
Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. This is in contrast to the current Australian GAAP treatment, under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the reported profit or loss is nil.

If the policy required under AIFRS had been applied during the year ended 30 June 2005, the consolidated revenue from ordinary activities would have been $66,000 lower, the consolidated amount of non-current assets sold disclosed as an expense in the statement of financial performance would have been $49,000 lower and the consolidated other income would have been $17,000 higher.

(g) Reclassification of Other Income
Under AIFRS, foreign exchange gains and government grants are classified as other income. This is in contrast to the current Australian GAAP treatment, under which such items are classified as revenue.

If the policy required under AIFRS had been applied during the year ended 30 June 2005, the consolidated revenue from ordinary activities would have been $1,047,000 lower and the consolidated other income would have been $1,047,000 higher, representing reclassified government grants of $578,000 and reclassified foreign exchange gains from sale of goods of $469,000.

(h) Income Tax
Under AASB 112 *Income Taxes*, tax balances are determined using a 'balance sheet' approach, which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss / or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005 the following would have resulted.

The impact of the tax benefit in respect of the share issue costs, which are deductible to Tassal Group Limited over a five year period, would be required to be recognised directly in equity in accordance with the normal requirements of AIFRS. The expenditure will give rise to a deferred tax asset, which will reverse as the deduction is taken through the current tax expense. The cumulative impact on the consolidated financial position at 30 June 2005 of the different methodology to be applied will be to increase deferred tax assets by $312,000 (Company: $312,000), opening retained earnings reduce by $102,000 (Company $102,000) and to increase equity by $517,000 (Company: $517,000). The impact on the consolidated profit and loss for the financial year ended 30 June 2005 is an increase in tax expense of $103,000 (Company: $103,000).

(i) Tax Consolidation
The Urgent Issues Group (UIG) finalised Interpretation1052 *Tax Consolidation Accounting* in June 2005. This Interpretation will significantly change the method of accounting for tax consolidation by the Company (as head entity in the tax-consolidated group) and its subsidiaries that are members of the tax-consolidated group. As noted in note [1(o)], all income tax expenses, revenues, assets and liabilities of the members of the tax-consolidated group are recognised in the financial statements of the Company (as head entity).

Under Interpretation 1052, current and deferred tax of the tax-consolidated group will be allocated to the members of the tax-consolidated group using an allocation method that is rational, systematic and consistent with the broad principles of AASB 112 *Income Taxes*. The credit tax liability (and tax losses and relevant other unused tax credits) of the tax-consolidated group will then be assumed by the parent entity, which may give rise to contributions by or distributions to equity participants, depending on the nature of any tax funding arrangement between the entities in the tax-consolidated group.

There will be no impact from this change in accounting policy on the consolidated financial statements of the Company. The Directors are currently assessing the impact of Interpretation 1052 and have not finalised a determination of what allocation method will be used and the form of any related tax funding arrangement. The seperate financial statements of the Company may change depending on the decisions ultimately made and so cannot be fully determined at the date of this financial report.

(j) Financial Instruments
The Company has decided to apply the exemption provided in AASB 1 which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005.

The standards will be applied from 1 July 2005 and therefore will have no impact on the financial statements at 30 June 2005. As permitted by AASB 1, the Company will not apply AASB 132 or AASB 139 to the 2005 comparatives published in the 2006 financial statements.

Under AASB 132, the current classification of financial instruments issued by entities within the consolidated entity would not change.

AASB 139 is likely to have the following future impacts effective 1 July 2005:

(i) Classification and measurement of financial assets and liabilities

Under AASB 139, financial assets held by entities in the consolidated entity will be classified as either at fair value though the profit and loss, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost.

Under AASB 139, investments in loans and receivables and financial liabilities classifications will remain unchanged. Measurement of these instruments will initially be at fair value with subsequent measurement at amortised cost, using the effective interest rate method.

This will result in a change to the current accounting policy, under which financial assets are carried at the lower of cost and recoverable amount, with changes recognised in profit or loss.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of financial assets or liabilities from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005.

(ii) Cash Flow Hedges

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk. Under AIFRS, all derivative financial instruments are required to be recognised at fair value on the date of transition.

The consolidated entity had no derivative financial instruments in place on 1 July 2004. During the financial year ended 30 June 2005, the consolidated entity entered into a range of foreign currency hedge contracts. These positions were closed out and restructured on 29 June 2005.

Under AIFRS all derivatives are required to be recognised at fair value.

Movements in the fair value of derivatives not designated into a hedging relationship are recognised in profit or loss, while the effective portion of movements in the fair value of derivatives accounted for as a cash flow hedge is deferred in equity until the hedge is closed out. If the consolidated entity is unable to apply hedge accounting to these derivatives from 1 July 2005 it will be required to recognise gains or losses on the derivatives through the Statement of Financial Performance.

Deferred gains of $1.002 million at 30 June 2005 on foreign currency contracts qualifying as cash flow hedges will be reclassified into equity and realised through profit as the underlying sale transactions occur.

(k) Share-Based Payments
Under AASB 2 *Share-based Payments*, equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based compensation.

The consolidated entity's Chief Executive Officer's current employment contract includes a share and options based remuneration component.

Accordingly, if the policy required by AASB 2 had been applied during the year ended 30 June 2005, the consolidated entity employee expenses for the year ended 30 June 2005 would have been $66,000 higher. The amount of this adjustment has been determined using an appropriate valuation technique.

As a consequence, contributed equity will increase by $66,000 and an additional employee benefit expense of $66,000 will be recognised in profit and loss for the financial year ended 30 June 2005.

On transition to AIFRS opening retained earnings at 1 July 2004 will decrease by $111,000 and share capital will increase by the same amount for equity settled transactions granted after 7 November 2002 and unvested as at 1 January 2005.

(l) Retained earnings
With limited exceptions (for example, share-based payments), adjustments required on first-time adoption of AIFRS are recognised directly in retained earnings at the date of transition to AIFRS. The cumulative effect of these adjustments for the consolidated entity will be a decrease in opening retained earnings at 1 July 2004 of $213,000.

(m) Summary of Impacts of Adopting Australian Equivalents to International Financial Reporting Standards
The following pro forma Statement of Financial Performance and Statement of Financial Position outline the likely impacts on the current year result and the financial position of the Company and consolidated entity had the financial statements been prepared using AIFRS, based on the Directors' accounting policy decisions current at the date of this financial report. Users of the financial report should note that further developments in AIFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the Directors to date, and, consequently, the likely impacts outlined in the following pro forma financial statements.

37. Impacts of Adopting the Australian Equivalents to International Financial Reporting Standards - Continued

(m) Summary of Impacts of adopting Australian Equivalents to International Financial Reporting Standards (cont.)
Pro forma Statement of Financial Performance for the Year Ended 30 June 2005:

	Note 37 Ref.	Consolidated AGAAP actual* $'000	Consolidated AIFRS Impact $'000	Consolidated AIFRS pro forma $'000	Company AGAAP actual* $'000	Company AIFRS Impact $'000	Company AIFRS pro forma $'000
Revenue from ordinary activities	f	157,389	(66)	157,323	1,640	-	1,640
Gain on sale of non-current assets	f	-	17	17	-	-	-
Changes in inventories of finished goods and work in progress		(5,659)	-	(5,659)	-	-	-
Raw materials and consumables used		(109,726)	-	(109,726)	-	-	-
Employee benefits expense	b,k	(25,165)	(271)	(25,436)	-	-	-
Depreciation and amortisation expense	k	(934)	-	(934)	-	-	-
Borrowing costs		(2,962)	-	(2,962)	-	-	-
Other expenses from ordinary activities	b,f	(4,489)	(119)	(4,608)	-	-	-
Profit from ordinary activities before income tax (expense)/benefit		8,454	(439)	8,015	1,640	-	1,640
Income tax (expense)/benefit relating to ordinary activities	h	(2,110)	(103)	(2,213)	173	-	173
Profit from ordinary activities after income tax (expense)/benefit		6,344	(542)	5,802	1,813	-	1,813
Non-owner transaction changes in equity		-	-	-	-	-	-
Total changes in equity from non-owner related transactions		6,344	(542)	5,802	1,813	-	1,813

*Reported financial results for the year ended 30 June 2005.

(m) Summary of Impacts of adopting Australian Equivalents to International Financial Reporting Standards (cont.)
Pro forma Statement of Financial Position for the Year Ended 30 June 2005:

	Note 37 Ref.	Consolidated AGAAP actual* $'000	Consolidated AIFRS Impact $'000	Consolidated AIFRS pro forma $'000	Company AGAAP actual* $'000	Company AIFRS Impact $'000	Company AIFRS pro forma $'000
Cash assets		61	-	61	-	-	-
Receivables	k	19,221	-	19,221	28,515	66	28,581
Inventories		18,979	-	18,979	-	-	-
Self-generating and regenerating assets (SGARA)		45,847	-	45,847	-	-	-
Other		343	-	343	-	-	-
Total Current Assets		84,451	-	84,451	28,515	66	28,581
Non-Current Assets							
Other financial assets		5,217	-	5,217	28,016	-	28,016
Property, plant and equipment		41,241	-	41,241	-	-	-
Deferred tax assets	h	2,531	312	2,843	2,531	312	2,843
Intangibles	b	15,121	(373)	14,748	-	-	-
Other		494	-	494	-	-	-
Total Non-Current Assets		64,604	(61)	64,543	30,547	312	30,859
Total Assets		149,055	(61)	148,994	59,062	378	59,440
Current Liabilities							
Payables		19,348	-	19,348	251	-	251
Interest-bearing liabilities		32,354	-	32,354	-	-	-
Provisions		2,886	-	2,886	-	-	-
Other		1,002	-	1,002	-	-	-
Total Current Liabilities		55,590	-	55,590	251	-	251
Non-Current Liabilities							
Interest-bearing liabilities		18,416	-	18,416	-	-	-
Provisions		401	-	401	-	-	-
Total Non-Current Liabilities		18,817	-	18,817	-	-	-
Total Liabilities		74,407	-	74,407	251	-	251
Net Assets		74,648	(61)	74,587	58,811	378	59,189
Equity							
Contributed equity	k, h	58,502	694	59,196	58,502	583	59,085
Retained profits	k, h	16,146	(755)	15,391	309	(205)	104
Total Equity		74,648	(61)	74,587	58,811	378	59,189

*Reported financial position for the year ended 30 June 2005.

Directors' Declaration

Directors' Declaration

The Directors declare 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;

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 Company and the consolidated entity; and

c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

A. D. McCallum

Chairman

Hobart, this 26th day of September 2005

Independent Audit Report

Deloitte.

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

ANZ Centre
Level 9
22 Elizabeth Street
Hobart TAS 7000
GPO Box 777
Hobart TAS 7001 Australia

DX 197
Tel: +61 (0) 3 6237 7000
Fax: +61 (0) 3 6237 7001
www.deloitte.com.au

Independent Audit Report to the Members of Tassal Group Limited

Scope

The financial report and Directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for both Tassal Group Limited (the Company) and the consolidated entity, for the financial year ended 30 June 2005 as set out on pages 24 to 64. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report..

Audit approach

We have conducted an independent audit of the 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. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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 made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Audit Opinion

In our opinion, the financial report of Tassal Group Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

L.T. Cox
Partner
Chartered Accountants

Hobart, 26 September 2005

Liability limited by the Accountants' Scheme,
approved under the Professional Standards Act 1994 (NSW).

Member of
Deloitte Touche Tohmatsu

Additional Stock Exchange Information

Tassal Group Limited and Controlled Entities

Ordinary Shares

Voting Power
Tassal has ordinary shares on issue. There are no options over ordinary shares on issue. At a general meeting, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share held.

Distribution of Shareholdings

Number of Shares Held	Number of Holders	Number of Shares	% of Issued Capital
1 – 1,000	113	80,470	0.07
1,001 – 5,000	331	1,090,606	0.98
5,001 – 10,000	240	2,029,438	1.83
10,001 – 100,000	258	6,559,672	5.92
100,001 and over	37	101,115,389	91.20
Total	979	110,875,575	100.00

The number of shareholders holding less than a marketable parcel of 511 ordinary shares on 8 September 2005 is 31 and they hold 8,082 ordinary shares.

The following organisations have disclosed a substantial shareholder notice to ASX.

Substantial Shareholder	Number of Shares	% of Voting Power Advised
Webster Limited	27,718,894	25.00
Mr David John Williams	16,360,929	14.76
Mariner Corporate Finance Limited	13,293,255	11.99
Guiness Peat Group Pty Ltd and its subsidiaries	12,682,185	11.44
Challenger Financial Services Group Limited	9,114,042	8.22
Equity Trustees Limited <SGH PI Smaller Co's Fund>	7,699,778	6.94

Largest 20 Shareholders

Name	Number of Shares	% of Issued Capital
Webster Limited	27,718,894	25.00
Mariner Corporate Finance Limited	13,293,255	11.99
J P Morgan Nominees Australia Limited	10,162,448	9.17
GPG Australia Nominees Limited	9,351,440	8.43
Equity Trustees Limited <SGH PI Smaller Co's Fund>	7,699,778	6.94
National Nominees Limited	5,856,617	5.28
Berne No 132 Nominees Pty Ltd <353342 Account>	4,054,258	3.66
INVIA Custodian Pty Limited <Thirty Five A/C>	3,600,000	3.25
Moggs Creek Pty Ltd <Superannuation Fund A/C>	3,067,674	2.77
INVIA Custodian Pty Limited <WAM Capital Limited A/C>	2,547,585	2.30
Mirrabooka Investments Limited	2,000,000	1.80
Benefund Ltd	1,655,108	1.49
Queensland Investment Corporation	1,597,276	1.44
INVIA Custodian Pty Limited <WAM Equity Fund A/C>	1,336,906	1.21
Cogent Nominees Pty Limited	1,319,551	1.19
RBC Global Services Australia Nominees Pty Limited <BKCUST A/C>	775,211	0.70
INVIA Custodian Pty Limited <Black A/C>	710,000	0.64
ANZ Nominees Limited <Cash Income A/C>	422,635	0.38
HSBC Custody Nominees (Australia) Limited	386,067	0.35
Charanda Nominee Company Pty Ltd <The Amanchar A/C>	348,022	0.31
Total	97,902,725	88.30

On-market Buy-Back
There is no current on-market buy-back.

Tassal Group Limited

191 Glen Road
Huonville, Tasmania 7109

Telephone (03) 6264 7000
Facsimile (03) 6264 7010
E-mail tassal@tassal.com.au
Website www.tassal.com.au

ABN 15 106 067 270