Tassal Group Limited

Results Presentation
Half-Year 31 December 2005

8 March 2006

The following slides should be read in conjunction with Tassal Group Limited's Appendix 4D: Half-Year Report lodged with the Australian Stock Exchange on 8 March 2006

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Highlights

- Strong Performance with NPAT of $6.0 million [2004: $2.6 million]
- EBIT of $10.6 million [2004: $4.9 million]
- Interim unfranked dividend of 2.25 cents per share declared (DRP suspended)
- Cashflow utilised to underpin the growth of the fish inventory & to invest in marine infrastructure = will underpin future profitability
- Automation and innovation are key priorities in Tassal's drive to competitiveness = significant investment occurring
- Aquatas integration continues to progress ahead of schedule = reduction of 215 full-time equivalents & management well progressed on delivering $9 million in synergies

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Financial Highlights

NPAT of $6.0m = basic EPS 5.39 cps

	Half-Year ended 31 Dec 2005 $'000	Half-Year ended 31 Dec 2004 $'000
Revenue	108,041	71,126
EBITDA	11,314	5,384
EBIT	10,640	4,892
Profit before income tax expense	8,549	3,620
Less income tax expense	2,545	1,032
Net profit after income tax	6,004	2,588
Basic earnings per share (cents)	5.39	3.14

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Financial Highlights

"Normalised" NPAT (i.e. pre AASB 141 "Agriculture") $5.47m

	Half-Year ended 31 Dec 2005 $'000	Pre AASB 141 "Agriculture" Half-Year ended 31 Dec 2005 $'000
Revenue	108,041	69,204
EBITDA	11,314	10,780
EBIT	10,640	10,106
Profit before income tax expense	8,549	8,015
Less income tax expense	2,545	2,545
Net profit after income tax	6,004	5,470
Basic earnings per share (cents)	5.39	5.00

Financial Highlights

- Borrowings at 31 December 2005 at $54.5m
- Debt to equity ratio at 66% at 31 December 2005. Forecast debt to equity at around 50% by 30 June 2006.

	As at 31 Dec 05 $'000	As at 31 Dec 04 $'000		As at 31 Dec 05 $'000	As at 31 Dec 04 $'000
Current Assets			Current Liabilities		
Cash assets	1,950	5	Payables	19,085	14,841
Receivables	27,318	19,153	Borrowings	34,757	31,319
Inventories	11,743	7,403	Provisions	2,524	2,154
Biological assets	51,671	39,241	Other	-	651
Other	426	1,166			
Total Current Assets	93,108	66,968	Total Current Liabilities	56,366	48,965
Non-Current Assets			Non-Current Liabilities		
Investments accounted for using equity method	5,380	-	Borrowings	19,766	3,459
			Deferred tax liabilities	526	1,865
Other financial assets	43	3,904	Provisions	678	442
Property, plant and equipment	43,100	25,911	Other	-	330
Deferred taxes	-	584			
Intangibles	14,851	-			
Other	484	1,032			
Total Non-Current Assets	63,858	31,431	Total Non-Current Liabilities	20,970	6,096
Total Assets	156,966	98,399	Total Liabilities	77,336	55,061
			Net Assets	79,630	43,338

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Financial Highlights

- **A-IFRS cumulative adjustments to 31 December 2004 balance sheet**

	As at 31 Dec 04 $'000
Total equity under Australian GAAP	**43,806**
Effect of transition to A-IFRS	
Adjustment to retained earnings:	
Recognition of share-based remuneration expense *	-144
Deferred tax accounting adjustment	-977
Total adjustment to retained earnings	**-1,121**
	42,685
Employee equity-settled benefits reserve (re *)	144
Impact of income tax benefit in respect of share issue costs	509
Total equity under A-IFRS	**43,338**

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Financial Highlights

- Operating cashflow positive. Improvement of $5m from period to 31 December 2004.
- Finance funds invested in marine infrastructure. Automation and innovation are key priorities.

	Half-Year Ended 31 Dec 05 $'000	Half-Year Ended 31 Dec 04 $'000
Cashflows from Operating Activties		
Receipts from Customers	67,924	43,524
Payments to suppliers and employees	-65,578	-47,190
Interest received	5	1
Interest and other costs of finance paid	-1,956	-1,354
Net cash provided by / (used in) operating activities	**395**	**-5,019**
Cashflows from Investing Activities		
Payment for property, plant and equipment	-3,939	-3,673
Proceeds from sale of property, plant and equipment	424	52
Payment for business	-102	0
Amounts advanced to other third parties	-350	0
Other	0	-52
Net cash used in investing activities	**-3,967**	**-3,673**
Cashflows from Financing Activities		
Proceeds from borrowings	9,878	15,084
Repayment of borrowings	-2,373	-3,925
Dividends paid to members of the parent company	-885	-614
Net cash provided by financing activities	**6,620**	**10,545**
Net increase in cash and cash equivalents	**3,048**	**1,853**
Cash and cash equivalents at the beginning of the Half-Year	-1,607	-2,777
Effects of exchange rates on the balance of cash held in foreign currencies	81	29
Cash and cash equivalents at the end of the Half-Year	**1,522**	**-895**

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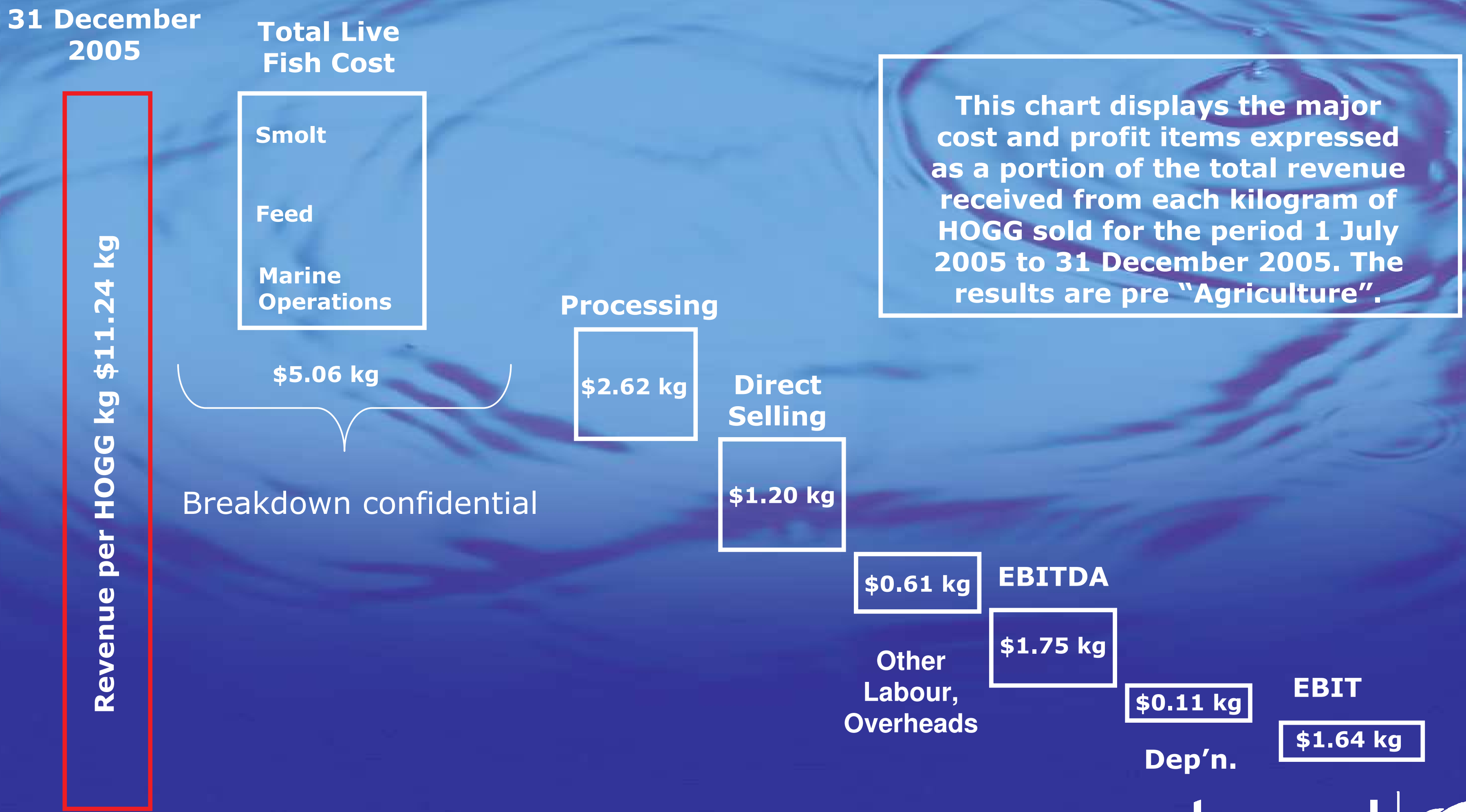
Financial Highlights – 31/12/05



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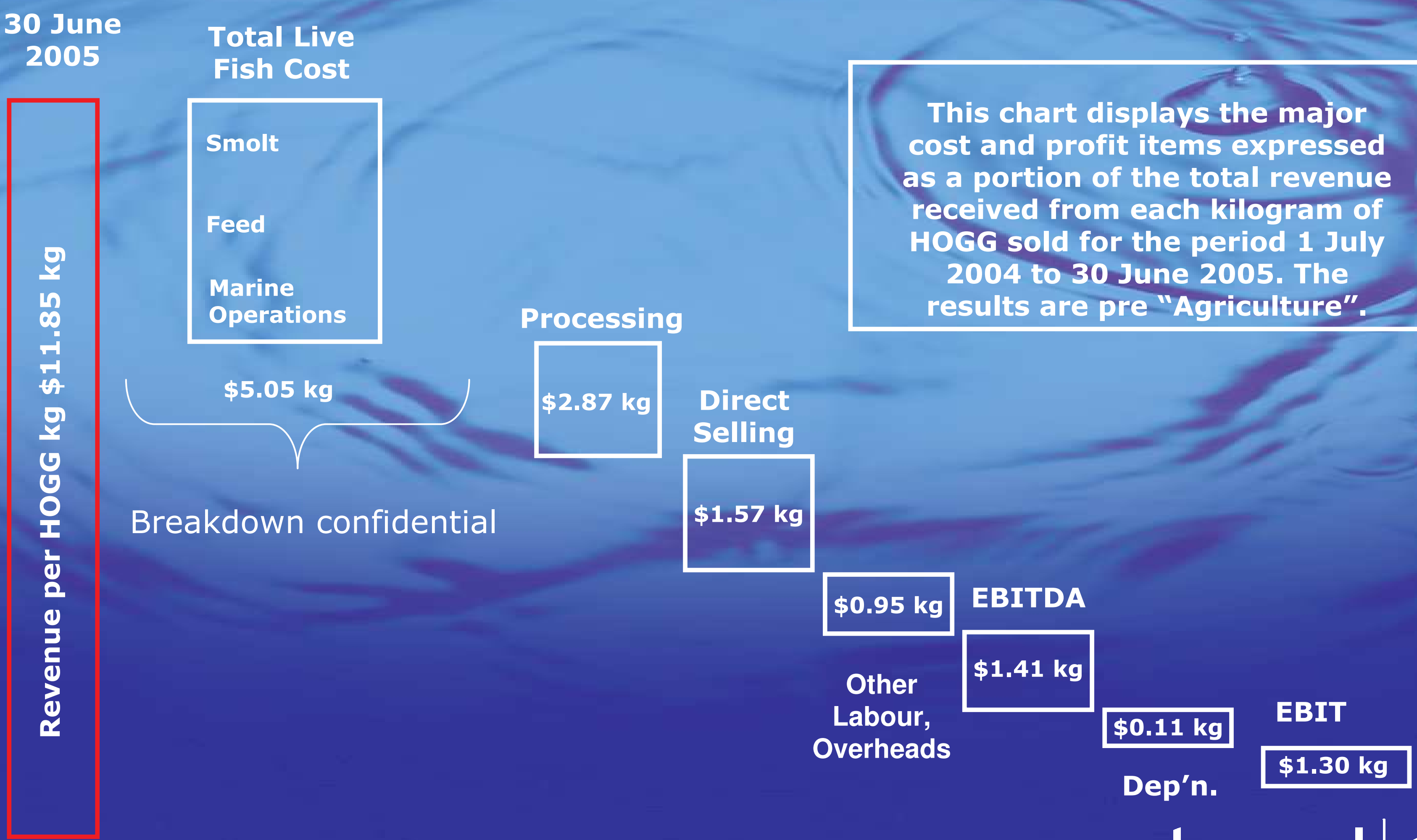
Financial Highlights – 30/6/05



This chart displays the major cost and profit items expressed as a portion of the total revenue received from each kilogram of HOGG sold for the period 1 July 2004 to 30 June 2005. The results are pre "Agriculture".

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Strategic Plan

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

- Investment fundamentals
  - Target gearing ratio of 35% to 40%
  - Target minimum rate of return on equity of 15%

- Short term focus remains on becoming more cost competitive in both fresh Salmon and value added products to enable Tassal to continue its profitable growth, both domestically and ultimately in regional Asian export markets

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Strategic Plan

- Cost competitiveness is achieved by increased scale and the continued implementation of operating efficiencies
- Strategic Plan is underpinned by:
  - continuing to reduce employee numbers
  - increasing fish size
  - lowering feed conversion ratio ("FCR")
  - improving survival rate
  - increasing processing throughput and efficiencies
  - rationalising operational sites and plant

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Strategic Plan

- Likely Tassal will reduce its export activities for the balance of FY2006 and in turn for FY2007 on the back of an unfavourable forecast exchange rate, which is more than offset by a 20% increase in sales of the Tasmanian Salmon Industry in the domestic market for FY2006 = need to sell the bigger fish in the most profitable market !

- Continued successful implementation of near term operating improvements will lead to a foundation for future sustainable profitable growth and improved shareholder returns

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Strategic Plan

- Essential that Tassal has a strong brand. Tassal "Pure Tasmania" is that brand.

- Creating a strong brand:
  - provides margin protection
  - strengthens the position of Tassal's value added product range
  - provides a vehicle to deliver innovation to customers, potentially opening up new salmon categories
  - builds on existing consumer loyalty
  - provides protection against imported products

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Strategic Plan

- Tassal faces strong competition from imported value added products = particularly frozen value added products … however, frozen seafood market is not large. Tassal to counter with a "fresh is best" approach.

- Tassal's disadvantaged production cost position internationally is mitigated domestically by:
  - the quality of Tassal's product attracts a price premium in fresh markets both domestically and in the Japanese and Asian export markets
  - import regulations on Atlantic Salmon products that limit its shelf-life and consequently impact the freshness of imported fresh salmon
  - airfreight costs for fresh salmon for low cost producing countries (e.g. Chile) to Australia, which add significantly to the cost base of imported fresh product

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Key Takeaways

- EBIT margin on a $kg basis increased by 26%
- On track to achieve market expectations for the full year results
- Aquatas integration continues to progress ahead of schedule
- Reduced costs and continuing to reduce costs
- Consumer trends encouraging in the domestic market
- Continuing to build the Tassal "Pure Tasmania" brand

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