



ABN 15 106 067 270

**Media Release**  
Monday, 28 February 2005

**Tassal Group Limited**  
(ASX Code: TGR)

### **Cost Reductions and Earnings Growth on Road to Industry Merger**

#### **Results Summary**

Presenting the half yearly result, Tassal Group's Chief Executive Officer Mark Ryan said, "It is pleasing that the company has been able to report the early evidence of cost reductions and continue its earnings growth, despite the difficult domestic and export trading conditions."

Tassal has continued with its strategic plan to increase shareholder value by:-

- positioning Tassal to be globally cost competitive in the growing and processing of Atlantic Salmon and Trout without compromising quality; and
- positioning Tassal in niche value added markets, domestically and offshore.

Mr Ryan advised, "We recognise that we must become globally cost competitive. We are extremely pleased that this cost focus has allowed us to significantly reduce our growing costs by around \$0.70 kg, which together with the price premium our Salmon attracts over imports allows us to more effectively compete on a global stage. We have not yet seen the full effect of the cost reduction initiatives and we have more initiatives to implement."

During the last six months, Tassal has progressed its marketing and sales activities beyond Australia and Japan and has established a presence in Singapore, Indonesia and Dubai.

The Company recorded a post SGARA net profit after tax of \$2.67 million for the six month period to 31 December 2004; or 3.24 cents per ordinary share.

Key financial performance indicators were as follows:

	Pre SGARA and DOA <sup>1</sup>		Post SGARA and DOA <sup>2</sup>	
	Half-Year ended 31 Dec 2004 \$'000	Half-Year ended 31 Dec 2003 <sup>3</sup> \$'000	Half-Year ended 31 Dec 2004 \$'000	Half-Year ended 31 Dec 2003 <sup>3</sup> \$'000
Revenue from ordinary activities	45,049	16,838	72,185	33,355
EBITDA	5,234	2,928	5,417	9,911
EBIT	4,742	2,521	4,925	9,504
Net profit after income tax expense	2,489	1,694	2,672	8,677
Basic earnings per share (cents)	3.02	2.07	3.24	10.58

1. These figures remove the impact of SGARA adjustments and with respect to 2003, the prior period impact of the treatment of the discount on acquisition ("DOA") which arose on the acquisition of the business of Tassal Limited.

2. 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 \$27.136 million (2003: \$9.556 million) in revenue from ordinary activities.

3. This period relates to the commencement of trading on 10 November 2003 to 31 December 2003.

## Industry Merger

The proposed Aquatas Pty Limited ("Aquatas") merger should realise significant synergies that exist between the companies. The merger is anticipated to complete on 18 March 2005 after the Tassal shareholders meeting scheduled for 17 March 2005.

Mr Ryan added, *"The merger between Tassal and Aquatas is all about scale and cost efficiencies and synergies, and therefore, the ability to drive growing and processing costs toward global best practice. Tassal's senior management has considerable experience in the integration of complementary salmon businesses and achieving efficiencies and synergies as a result of the Nortas Pty Limited acquisition."*

The synergies which the Directors and management believe can be generated as a result of the merger with Aquatas are set out in the table below:

	Possible Hard Synergies <sup>(1)</sup> (\$ million)	Possible Soft Synergies <sup>(2)</sup> (\$ million)
<b>Total Net Synergies</b>	<b>\$4.5</b>	<b>\$4.5</b>
<u>Less:</u> Implementation costs (one-off)	(\$0.6)	(\$0.5)

Note:

1. Hard Synergies represent synergies which Tassal's management is reasonably confident about quantifying and achieving based on experience.
2. Soft Synergies represent synergies that are more difficult to quantify and will require additional work from Tassal's management to secure.

## Dividend

The Directors have determined that no interim dividend will be paid on Ordinary Shares in respect of the period ended 31 December 2004, preferring to conserve cash for one-off merger costs.

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