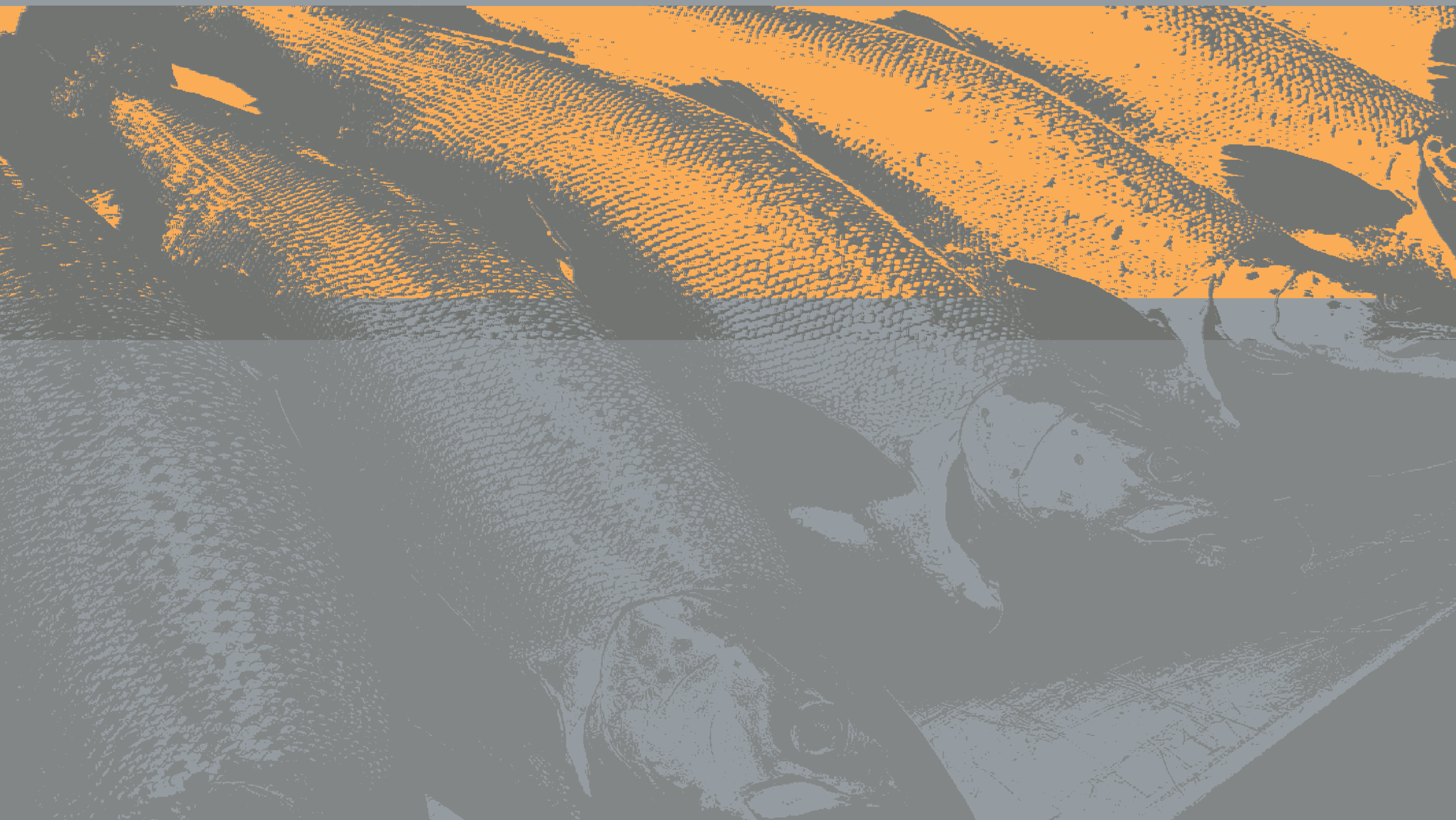
Tassal Group Limited
ACN 106 067 270

Prospectus

This Prospectus contains a public offer of 62,000,000 Shares at a price of $0.50 per Share.

Promoter and Corporate Advisor: Mariner Corporate Finance Pty Ltd.
Underwriter: Lodge Partners Pty Ltd.



Key Dates

Offer Opens	17 October 2003
Offer Closes	14 November 2003
Expected date for Shares to be allotted	24 November 2003
Shareholding statements expected to be dispatched	26 November 2003
Expected date for quotation of Shares on ASX	1 December 2003

All dates are indicative only and the Company may, with the approval of the Underwriter, change these dates without notice. Applicants are encouraged to submit their applications as soon as possible as the Offer Period may close without notice.

Important notice

This Prospectus is dated 9 October 2003 and was lodged with the Australian Securities and Investments Commission (ASIC) on 9 October 2003. ASIC and the Australian Stock Exchange Limited (ASX) take no responsibility for the contents of this Prospectus. The expiry date of this Prospectus is the date 13 months after the date of this Prospectus. No Securities will be issued on the basis of this Prospectus after the expiry date.

Tassal Group Limited (ACN 106 067 270) (the Company) will apply for admission to the official list of ASX and quotation of the Shares offered by this Prospectus on ASX within 7 days following the date of this Prospectus. Before deciding to invest in the Company you should read this Prospectus in its entirety. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus other than as contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or any person on its behalf in connection with the Offer.

Restrictions on distribution

This Prospectus does not constitute an offer or invitation in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful. The Shares have not and will not be registered under the United States Securities Act of 1933 (Securities Act), and may only be offered or sold in the United States of America or to a US Person (as defined in Rule 902 under the Securities Act) under exemptions from the registration requirements of the Securities Act and any applicable securities laws of any State of the United States of America.

This Prospectus has not been and will not be approved by an authorised person in the UK and has not been and will not be registered with the Registrar of Companies in the UK. The Shares may not be offered to or sold in the UK except to persons having professional experience in matters relating to investments (pursuant to Article 19(5) of the financial Services and Markets Act 2000 (Financial Promotion) Order 2001) and the investment to which this Prospectus relates is only available in the UK to such persons. Persons who do not have professional experience in matters relating to investments may not rely on this Prospectus.

Prospectus availability

This Prospectus is available in electronic form on the Company's website at www.marinerfunds.com.au. This Prospectus is only available online to residents in Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. Any Australian resident who receives this Prospectus electronically will be sent a paper copy of the Prospectus (and attached Application Form) free of charge on request during the Offer Period.

Applications

The Application Form included in this Prospectus may only be distributed if it is included in, or accompanied by, a complete and unaltered copy of the Prospectus. The Application Form contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form. Applications under the Offer must be made by completing a paper copy of the Application Form included in this Prospectus or a printed copy of the Application Form included in the electronic copy of this Prospectus. The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

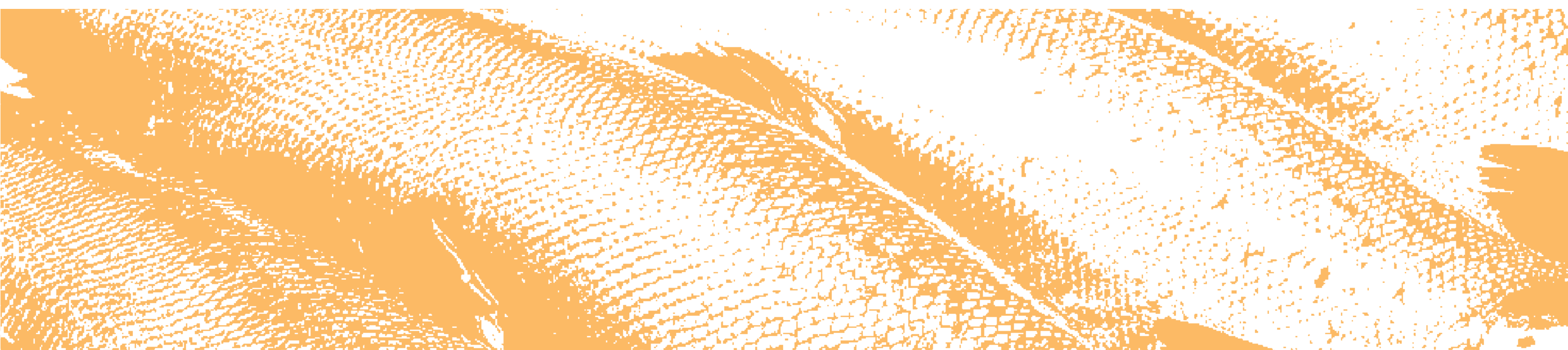
Exposure period

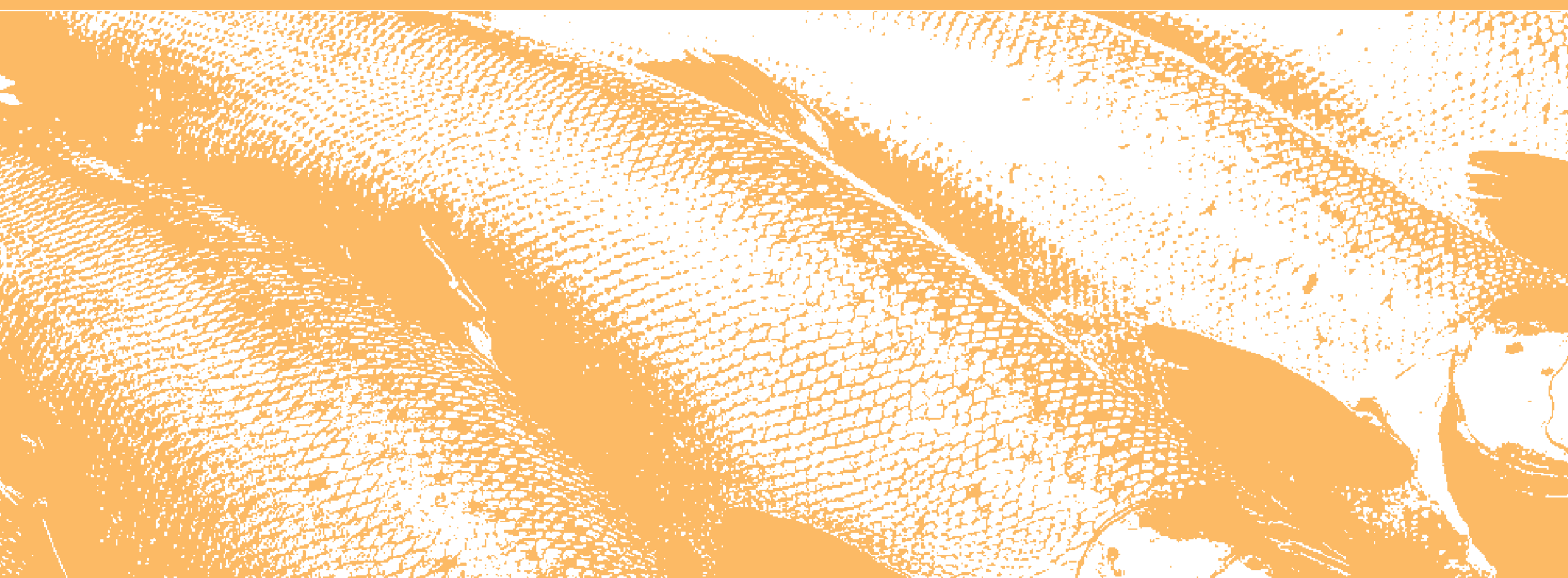
Under the Corporations Act, the Company is not permitted to process Applications in the period of 7 days after the date of lodgement of this Prospectus with ASIC. ASIC may extend this period for up to a further 7 days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. No preference will be conferred on Applications received during this period.

Definitions and glossary

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. The financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. References to time are to the time in Melbourne, Australia. All pictures or other similar visual representations may not be drawn to scale and are for illustrative purposes only and do not and are not to be taken to represent assets that are either owned or controlled by the Company or Tassal unless stated to be.

Table of Contents





Tassal Group Limited
ACN 106 067 270

Chairman's Letter

Dear Investor

On behalf of the Board of Directors, it is my pleasure to invite you to become a shareholder in Tassal Group Limited. This is a company incorporated to acquire the Tassal Business from the Receivers and Managers.

The proceeds raised through the issue of the shares pursuant to this Prospectus will be used to acquire the Tassal Business in accordance with the Business Sale and Purchase Deed which has been entered into.

During Receivership, the Receivers and Managers together with senior management implemented improved management and operational processes which have seen Tassal move back to positive earnings in the 2003 Financial Year. For the 2004 Financial Year, further earnings improvement is forecast.

The Tassal Business that has emerged from Receivership is different from the one that went into Receivership. Importantly, in February 2003, Tassal acquired the business of Nortas, which was a sizeable competitor. Already, that acquisition has allowed the combined businesses to commence achieving:

- improved fish management practices including better matching demand with how many fish are in the water and then better managing that fish biomass;
- cost savings from economies of scale; and
- better utilisation of processing capacity.

Tassal is Australia's largest supplier of salmon and at the conclusion of this Offer will be well positioned to exploit significant synergy and growth opportunities within a restructured and rationalised Australian Salmon and Trout industry. These synergies and opportunities will come from organic growth and growth by acquisition.

The Board believes that this is an opportunity for investors to acquire a share in a significant business in a rationalised growth industry, that has a financial structure that should enable the business to have every chance of success.The ANZ Bank will provide facilities in support of the Company.

Details of the Offer, and the operating and financial information in respect of the Tassal Business are set out in this Prospectus. I encourage you to read this document carefully and I look forward to welcoming you as a Shareholder.

Yours sincerely

David Williams
Chairman

Investment Highlights

Market leader

Tassal is the largest producer and marketer of salmon in Australia, with projected annual turnover for FY2004 (excluding SGARA) in excess of $94 million. With a large spread of customers throughout the Australian market, Tassal is the largest supplier of fresh and smoked salmon to both Coles and Woolworths as well as a major supplier to the wholesale domestic fresh salmon market. Tassal's products are marketed nationally under brands such as:

- Royal Tasmanian
- Tasmanian Smokehouse
- Tasmanian Supreme

Acquisition of Nortas makes Tassal stronger

Nortas, previously a sizeable competitor in the Australian industry, was acquired by Tassal in February 2003. Together the businesses can now exploit opportunities to reduce costs of production, better manage operational risks and improve market presence. The benefits include:

- More secure access to fish stock and improved ability to match demand with how many fish are in the water with access to Nortas' hatchery facility
- Improved fish growth and geographic risk management due to the presence of additional marine sites
- Additional processing and value adding facilities that can improve efficiencies
- Cost savings from economics of scale
- Together the businesses represent approximately 50% of the Australian salmon industry and the largest supplier of fresh and smoked salmon to major Australian supermarkets
- Species diversification as Nortas brings incremental annual sales of trout of approximately $4.5 million.

Tassal's turnaround under receivership

The Receivers and Managers implemented a number of initiatives to improve business performance, these included:

- Adopting management techniques to increase fish biomass, yields and product margins
- Increasing the domestic price achieved by Tassal for HOGG salmon
- Lowering stock feed, packaging and freight costs
- Implementing risk management and mitigation procedures and reporting.

Barriers to entry

The number of fish being grown in Australia is constrained by hatchery capacity. Nortas came with a hatchery at Russell Falls, but the major source of Smolt for the Australian industry comes from Saltas. Tassal is entitled to 63 per cent of the Smolt from Saltas.

Access to new marine farming licenses for the farming of salmon is monitored and regulated by the Tasmanian Government. Beyond the currently proposed changes to the Tasmanian Marine Farming Planning Act 1995, access to further deep water sites suitable for Salmonid farming is expected to be limited.

Setting up new operations of scale requires significant capital investment. The Company believes that new capital investment of this magnitude is unlikely in the near term in Australia.

Attractive pricing

Based on normalised proforma FY2004 forecast net profit after tax of $5.2 million, the Offer is priced on a prospective price earnings multiple of 7.9 times with an indicative annualised dividend yield of approximately 6.3% fully franked.

Financial strength
The Company will acquire the Tassal Business in a significantly stronger financial position than when it went into Receivership because the Company:

- Returned to generating positive EBIT in FY2003 and a further increase in EBIT is forecast for FY2004
- Restructured to achieve improved efficiencies, cost savings and margins in production and processing
- Recapitalised with a more conservative level of gearing, proforma interest bearing debt as at 30 June 2003 of \$16.6 million, with seasonal working capital facilities provided by the ANZ Bank
- Refocused on growth, margin improvement and risk mitigation.

Vertical integration
In order to improve the quality and reliability of Tassal's product, the Tassal Business either owns and/or controls every stage of production. Tassal now has vertically integrated operations, incorporating rigorous procedures across its hatchery, farming, processing and sales operations.

Risk management and operational initiatives
During 2003, Tassal successfully developed and implemented a number of management and operational initiatives resulting in improved financial performance and better risk management. Tassal also implemented its specialised software system which has enabled improved forecasting and planning of production and better integration of management systems in Marine Operations, processing and sales and marketing.

Opportunities for growth
The Australian farm gate value of aquaculture production has grown on average by approximately 15% annually between 1993 and 2002. The Company believes that further potential growth opportunities for Tassal arise from:

- Increasing trends to healthier eating – salmon is a low-fat source of protein, rich in Omega-3
- Introduction of new salmon products and potential to enter new domestic markets
- Further rationalisation of the Australian Salmonid industry, leading to further acquisition opportunities
- Using the Company as a building block to acquire other species aquaculture projects in Australia.

Quality Board and management
The Company's Board brings a broad range of relevant skills and experience, particularly in the food and agribusiness industries.

Tassal's senior management team has significant experience in the aquaculture industry, spanning finance, Marine Operations, processing and sales and marketing.

Offer Summary

Application Price	$0.50 per Share
Minimum subscription for Shares under this Prospectus	62,000,000 Shares
Amount to be raised under the Offer	$31 million
Shares on issue after Offer	82,000,000 Shares
Market capitalisation after Offer (at Application Price)	$41 million

Key Financial Information

SGARA Excluded		**Proforma Historical**			**Forecast**	
($ million)	FY2000(1) 12 months	FY2001(1) 12months	FY2002(1) 12 months	FY2003(2) 12 months	7 month period ending 30 June 2004(3)	Proforma Forecast 12 months ending 30 June 2004(4)
Revenue	87.0	88.8	91.9	94.1	57.8	94.2
EBITDA	16.1	9.4	(2.4)	5.7	8.3	13.2
EBIT	13.0	5.9	(6.2)	0.8	6.0	9.2
Normalised net profit after tax(5)					3.5	5.2
Earnings per Share (cents)						6.4
Price Earnings Ratio at Application Price						7.9x
Application Price per Share						$0.50
Total Shares on Issue						82.0m
Market Capitalisation at Application Price						$41.0m

(1) Proforma Historical financial information prepared on the assumption that Tassal and Nortas had been trading as one company for the full Financial Year.
(2) FY2003 Proforma Historical based on a combination of the trading results of Nortas and Tassal until 14 February 2003 and the actual trading results of Tassal (including Nortas) from 15 February 2003 to 30 June 2003.
(3) The Forecast for the 7 month period ending 30 June 2004 has been prepared so as to reflect the forecast financial performance of the Company as if it acquires the Tassal Business and then operates it from 1 December 2003 (the expected date of completion).
(4) The Proforma Forecast for the 12 months ending 30 June 2004 prepared so as to reflect the forecast financial performance of the Company as if it had acquired the Tassal Business and been operating from 1 July 2003.
(5) The Forecast and Proforma Forecast normalised net profit after tax has been adjusted to remove restructuring costs incurred by Tassal prior to its acquisition by the Company and the gross profit impact as a result of the discount on acquisition applied to inventory (pre SGARA). Further details are set out in Section 4.

Dividends

It is the intention of the Directors that, following completion of the acquisition of the Tassal Business, the Company will pay a fully franked dividend of approximately 50% of reported net profit after tax for the 7 months to 30 June 2004 (adjusted for the impacts of SGARA and the treatment of discount on acquisition adjustments).

This is indicative only and the declaration of a dividend, if any, for the period ending 30 June 2004 by the Company, and the extent to which franking credits are attached to such dividends, will be the subject of a number of factors, including the financial results of the Company, the general business environment, ongoing capital expenditure, future cash requirements, the taxation position of the Company and any other factors which the Directors may consider relevant.

Tassal Overview

Australian industry leader providing opportunities through economies of scale

Tassal is a modern, vertically integrated business covering all facets of salmon production, processing and sales.

Tassal's position in the market was strengthened by the acquisition of Nortas, in February 2003. This acquisition enables Tassal to operate on a scale that delivers competitive advantages in the Australian market through operational benefits and economies of scale, and reducing average costs of production.

Tassal is now the largest Atlantic Salmon producer in Australia.

Well positioned in a growing industry

Aquaculture is a fast growing primary production industry. The farm gate value of aquaculture production has grown on average by approximately 15 per cent annually between 1993 and 2002.

Following its acquisition of Nortas, Tassal is forecasting proforma annual revenue and net profit after tax for FY2004 of $94 million and $5.2 million (normalised excluding SGARA), respectively. Tassal is expected to harvest over 7,000 HOGG tonnes in FY2004, employing approximately 645 full time equivalent employees during the peak processing periods.

Differentiated market and product base

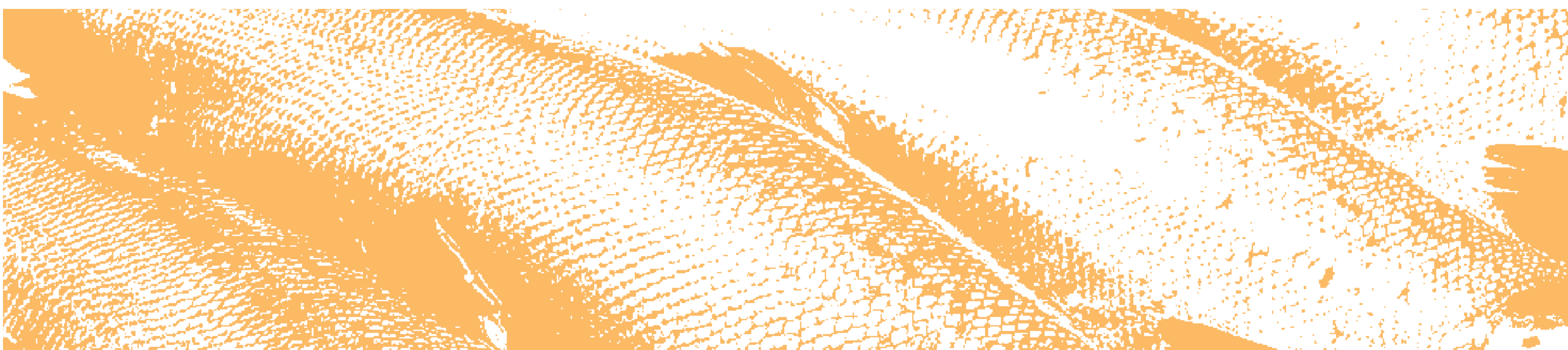
Tassal produces Atlantic Salmon and trout suitable for the domestic and export markets. Tassal has focussed on ensuring diversity within these product ranges in order to reduce its reliance on any single market, channel or product.

Tassal is currently the largest supplier of fresh and smoked salmon to Coles and Woolworths. Tassal is increasing its retail sales in the growing packaged-seafood category in Australia.

Tassal's focus moving forward is to maximise business growth opportunities through stronger relationships with the Australian supermarket network and other high profile retail outlets.

Another source of smolt supply

The acquisition of Nortas delivered Tassal access to an alternative and supplementary source of Smolt from its leased hatchery at Russell Falls. Prior to this, Tassal sourced its Smolt primarily from Saltas, from which it still has the largest entitlement. The ability to source Smolt from two suppliers has reduced over-reliance on one provider, and enables Tassal to better match demand and supply over time.



Marine farm locations and diversification

Tassal operates from eighteen marine sites, on the west, east and north coasts of Tasmania. This offers flexibility in fish husbandry management practices and geographical risk mitigation, for example:

- broader and longer fallowing regimes can be enacted;
- the harvest cycle and weight parameters can be better managed;
- differential stocking densities can be applied at different sites in response to changes in environmental factors;
- fish stocking programs can be targeted at specific sites and specific Year Classes; and
- different farm site environmental attributes can be exploited at different stages of the farming cycle.

Tassal is currently farming approximately 70% of its licensed marine farm lease area, providing capacity for future tonnage growth, and for further enhancement in fish husbandry management flexibility. The opportunity to develop Tassal's currently fallow offshore lease area offers further scope to streamline stocking profiles and densities.

Other husbandry improvements

Tassal has implemented a number of risk management and risk mitigation initiatives such as:

- upgrading its feeding systems with an increased use of underwater cameras;
- dissolved oxygen monitoring of marine pens;
- extensive summer management and predator deterrent strategies and systems;
- modelling and monitoring of the environment within fish pens;
- implementation of a specialised software system enabling management of operations across its integrated chain; and
- augmenting production practices to underpin the reliability of fish supply during the period from March to June each year (which corresponds with a biological gap in natural supply). This has resulted in improved Atlantic Salmon husbandry practices, with a focus on extending the harvest cycle and increasing the harvest weight.

State-of-the-art processing facilities

In 1998, Tassal commissioned a state-of-the-art value added facility, based in Huonville for a cost of approximately $15.5 million.

The facility currently provides substantial capacity for future growth with minimal capital expenditure.

The acquisition of Nortas provided additional processing capacity through its Mornington facility. Together both facilities have significant excess capacity to produce fresh and value added salmon and trout products.

Sophisticated systems to improve production processes and risk mitigation

During 2003, Tassal implemented a new software system to actively manage the risks associated with marine farming and improve operational and planning efficiencies in production, processing and sales. The specialised system, developed in-house, enables increased supervision and planning control through more timely matching of production with market demand.

Experienced management and skilled staff

Tassal has a highly experienced senior management team, which, during the Receivership, has been responsible with the Receiver for developing and implementing a planned business growth and risk management strategy.

Management's collective knowledge base, and the infrastructure it has put in place, provides Tassal with the capacity to continue to achieve improved results and better anticipate and control operational business risks.

Quality

Tassal (excluding Nortas' operations) has achieved its international ISO 9002 accreditation for its quality management system.

Tassal is also accredited under HACCP (Hazard Analysis Critical Control Point) standards. HACCP provides Tassal with a system for managing food safety during processing and reinforces Tassal's commitment to the delivery of safe food to its customers.

Tassal's twin ISO 9002 and HACCP accreditation reinforces the Company's commitment to quality, hygiene and food safety with a distribution chain that allows for timely delivery to customers.

Environmental sustainability

Tassal is strongly committed to, and acknowledges its social and regulatory obligations with regard to maintaining and sustaining the environment impacted by Tassal's operations. Environmental management and monitoring protocols form part of Tassal's ISO 9002 accredited quality standards. These are periodically reviewed and applied to provide Tassal with assurance that the environment within which it operates is managed on a sustainable basis.

Commitment to research & development

Tassal recognises the importance of continued research and development initiatives to ensure best practice in maximising fish yields and minimising risk. Some of the current research and development initiatives in which Tassal participates include:

- improved fish husbandry techniques;
- involvement in the development of selective breeding programs;
- support for research into techniques for assessing the effectiveness of farm site fallowing regimes; and
- participation in the newly established Co-operative Research Centre for the Sustainable Aquaculture of Finfish (AquaFin CRC).

Section 1 – Details of the Offer

Important Dates

Prospectus Date	9 October 2003
Offer Opens	17 October 2003
Offer Closes	5 pm AEST 14 November 2003
Expected date for Shares to be allotted	24 November 2003
Shareholding statements expected to be dispatched	26 November 2003
Expected date for quotation of Shares on ASX	1 December 2003

The above dates are indicative only. The Company, in consultation with the Underwriter, reserves the right to vary any of the above dates without notice. Prospective investors are encouraged to submit their completed Applications as soon as possible as the Offer Period may close at any time without notice.

Offer Details

Under this Prospectus, the Company is offering for subscription 62,000,000 fully paid ordinary shares in the Company at an issue price of $0.50 per Share to raise a total of $31 million. Payment for the Shares is required to be made in full on Application.

Purpose of the Offer

The purpose of the Offer is to raise sufficient funds to acquire the Tassal Business, to pay the expenses of the Offer, to pay related acquisition costs and to provide working capital. The Company has entered into a Business Sale and Purchase Deed with the Receivers and Managers to acquire the Tassal Business. Under the terms of this agreement, the Company (through its wholly owned subsidiary, Tassal Operations) will acquire the Tassal Business for a total consideration of $43.2 million cash. The consideration will be funded as to $27.2 million from funds raised under the Offer, $1 million paid by way of deposit from Financiers and $15 million in debt facilities to be provided by the ANZ Bank.

A summary of the key terms of the Business Sale and Purchase Deed are set out in Section 8. This includes details of a trading adjustment in respect of any increase in the net amount of trade debtors, inventory and trade creditors during the period from 30 June 2003 up until completion. Any payment required will be funded from debt facilities provided from the ANZ Bank.

The Company's acquisition of the Tassal Business is subject to the satisfaction of certain conditions precedent to be satisfied prior to completion. If the conditions are not satisfied, the Company will not acquire the Tassal Business. If the Tassal Business is not acquired by the Company all Application Monies will be refunded (without interest).

Use of Funds

It is intended to apply the funds raised from the Offer as follows:

	$ million
Payment to Seller for acquisition of the Tassal Business	27.2
Cash expenses of the Offer	1.7
Acquisition costs	1.3
Working capital	0.8

The Company's working capital requirements will be satisfied out of the inventory and trade receivables being acquired as part of the acquisition of the Tassal Business, the balance of cash raised under the Offer (after payment of the consideration for the Tassal Business, the expenses of the Offer and acquisition costs) and from debt facilities provided by the ANZ Bank.

Expenses of the Offer include the Underwriter's fees, advisers' fees, legal advisers' fees, Independent Accountants' fees, ASX fees and Prospectus printing and distribution costs. The expenses were incurred prior to or as a consequence of the lodgement of this Prospectus and the application for admission to be listed on the ASX.

Rights attaching to Shares

Shares issued pursuant to the Offer will rank equally and will participate fully in any dividends declared and paid by the Company after the date of their issue.

A summary of the rights attaching to the Shares, being ordinary shares in the Company, is set out in Section 8.

Underwriting

The Offer has been fully underwritten by Lodge Partners Pty Ltd. Details of the material terms of the Underwriting Agreement are set out in Section 8 of this Prospectus.

ASX listing
Application for admission of the Company to the official list of ASX and quotation of the Shares on ASX will be made to ASX no later than 7 days after the date of this Prospectus.

ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. Admission to the official list of ASX and quotation of the Shares on ASX should not be taken as an endorsement by ASX of the Company.

If the Company does not make an application for admission within 7 days after the date of this Prospectus or if the Company is not admitted to the official list within 3 months after the date of this Prospectus (or any longer period permitted by law), the Offer will be cancelled and all Application Monies will be refunded (without interest).

Restricted securities
ASX may, as a condition of granting the Company's application for official quotation of its Shares, classify certain Shares of the Company as restricted securities. Certain Shares are subject to voluntary escrow restrictions. Details are set out in Section 4.

How to apply for Shares
Applications for Shares must be made and will only be accepted on the Application Form attached to this Prospectus. The Application Form contains detailed instructions on how it is to be completed.The minimum application is for 4,000 Shares representing $2,000. Additional Shares may be applied for in multiples of 2,000 Shares ($1,000).

The completed Application Form must be accompanied by payment in full by a cheque or bank draft in Australian dollars drawn on an Australian branch of an Australian bank. Cheques should be made payable to "Tassal Group Ltd Share Offer Account" and crossed "not negotiable".

Subject to the rights of the Company to close the Offer prior to the expected closing date, completed Application Forms and Application Monies must be received at the Melbourne office of Computershare no later than 5:00pm (Melbourne time) on 14 November 2003.

Application monies
Application Monies received from an Applicant for Shares will, until those Shares are allotted or the Application Monies are refunded to Applicants, be held on trust for Applicants in a bank account established and kept by the Company for the purpose of depositing Application Monies. Application Monies will be kept in escrow and will not be transferred from this bank account to the Company until the Shares have been allotted to Applicants. Interest earned on Application Monies will be for the benefit of the Company and will be retained by the Company whether or not allotment takes place.

Allocation policy
An Application may be accepted by the Company, in consultation with the Underwriter, in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. The Company and the Underwriter are entitled to nominate the allottees of the Shares. Where no allotment is made or where the number of Shares allotted is less than the number applied for, the entire funds (in the first case), and the surplus application funds (in the second case) will be refunded to the Applicant without interest.

Allotment
Allotment of the Shares will only be made once Application Monies have been received and ASX has granted permission for the Shares to be given official quotation. It is expected that allotment will take place on 24 November 2003 and trading of the Shares on ASX will commence on 1 December 2003.

Enquiries in relation to the Offer
This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant, lawyer or other financial advisor.

Section 2 – Industry Overview

Australian Aquaculture Industry

Aquaculture is a fast growing primary production industry. The farm gate value of aquaculture production has grown on average by approximately 15 per cent annually between 1993 and 2002 and in the 2002 Financial Year the gross value of production was approximately $733 million.

Annual Salmonid production in Tasmania for the 2002 Financial Year was approximately 14,300 HOGG tonnes of fish with the sector employing over 3,000 people (direct and indirect). Tassal (including Nortas) is expected to harvest over 7,000 HOGG tonnes per annum and during the peak processing period averages 645 full time equivalent employees.

Regulatory responsibility for the development of aquaculture in Australia rests with State and Territory Governments. Several States have in place aquaculture and coastal development plans that take into account the needs of multiple user groups, providing clearly defined conditions and constraints for access to the water and land that aquaculture requires.

Tasmanian Salmonid Industry

The Tasmanian Salmonid Industry traces its origins back to 1983 when a report to the Tasmanian Fisheries Development Authority concluded that a salmon farming industry could be successfully developed in Tasmania.

The Tasmanian marine farming industry is regulated by the Department of Primary Industries, Water and Environment (DPIWE) under the Living Marine Resources Management Act 1995 and the Marine Farming Planning Act 1995. Under the latter Act, marine farming development plans are prepared, designating areas in State waters where marine farming may occur.

Marine farming operations in Tasmania must be licensed under the Living Marine Resources Management Act 1995. Licences include environmental conditions to ensure that marine farming operations are sustainable and do not have an unacceptable impact on the marine environment. Tasmania’s relatively disease-free status and clean environment are argued to provide a superior product and market differentiation.

Marine Farming Planning Act

The Marine Farming Development Act 1995 has undergone review with the objective of ensuring that approved development plans meet the objectives of resource management, having regard to changing circumstances.

Once the review of the Marine Farming Planning Act itself was completed, a review of the Draft Huon River and Port Esperance Marine Farming Development Plan (Huon Plan) and the D'Entrecasteaux Channel Marine Farming Development Plan (Channel Plan) commenced.

The revised Channel Plan was approved on 5 September 2003. The Huon Plan is presently undergoing scrutiny during the public exhibition phase as a draft plan and it is anticipated that Ministerial consent will be given. The Channel Plan provides for a 22% increase in maximum leasable area and the Huon Plan (and subsequent modifications to that draft plan) proposes an increase of 29% in maximum leasable area. Whilst existing Salmonid producers are not expected to receive additional lease entitlements, the plans are expected to benefit the Salmonid industry through a reallocation of current leases to better sites.

Recent Performance

The Tasmanian industry has emerged from three hot, dry summers resulting in difficulties in feeding and growing fish. The 2001/2002 summer was considered a "mortal" summer with water temperatures increasing to and remaining at around 16 to 18 degrees Celsius in Tassal's marine leases for a period of three to four months. In addition, global overproduction, mainly from significant growth in Chilean production in 2002, reduced world prices for salmon. It appears that this oversupply is now returning to an equilibrium position with European biomass growth having slowed and prices rising in the United States.

The Tassal Limited Receivership might be an indirect results of these circumstances. More directly, Tassal's financial problems could be related to debt levels associated with building the Huonville facility, significantly increasing industry biomass and the consequential effects of this on fish wholesale prices.

Importation of Salmon into the Domestic Market

Smoked and canned salmon products have been supplied into the Australian market for decades. Historically, the majority of non-canned product supplied through import was smoked salmon, initially coming from the traditional European markets, principally Denmark.

The majority of imported smoked salmon had been directed to the foodservice and retail segments of the Australian market. In recent years, the proportion of imported product to local product has declined as a percentage of total product sold.

Prior to July 1999, the importation of fresh and fresh frozen salmon into Australia was prohibited due to the threat of contamination from marine diseases. In July 1999, the Australian Federal Government adopted a World Trade Organisation (WTO) ruling, which allowed the importation of fresh and fresh frozen salmon, subject to strict AQIS protocols.

As a result of the WTO ruling and subsequent amendments to the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA), New Zealand commenced fresh salmon supply and was allowed, by AQIS protocol, to ship gilled and gutted fish with "heads on". All other countries are required to ship fresh and frozen product with heads removed. This is a significant distinction and provides domestic producers with a comparative advantage by being able to supply fresh and frozen product with "heads on". Fish supplied with heads on are seen as a preferred product in the Australian market as customers often gauge the quality and freshness of a fish from the clarity of its eyes.

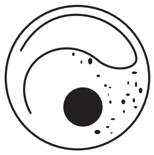
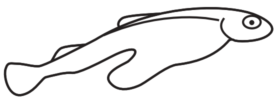
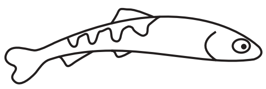
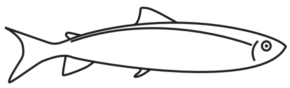
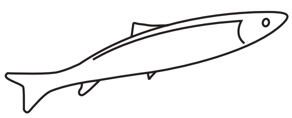
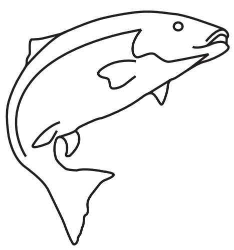
In response to the threat of increased import competition within the retail category, local producers have significantly increased fresh portion supply. Fresh portion supply is virtually a "local option", due to supply restrictions relating to use-by-date protocols and the costs of airfreight. These reduce the competitiveness of fresh and frozen imports into the domestic retail market.

Industry Overview

Marine Farming of Tasmanian Atlantic Salmon

Life cycle of Atlantic Salmon

The typical lifecycle of farmed Atlantic Salmon, from ova to harvest, is approximately 24 to 36 months. A summary of the various stages of the growth cycle, is set out below.

	*Ova* At the beginning of May the brood stock mature. Eggs are collected, fertilised and laid out in special incubator trays in the hatchery building. The eggs are supplied with a constant flow of fresh, well oxygenated water, which is heated to enhance fish development. It is also filtered to minimise silt settlement on the eggs and gill damage in young fish.
	*Yolk sac* The eggs start hatching in July, with the young fish initially absorbing nutrients from a large yolk-sac attached to their bodies. Before they are ready to feed for the first time, they are moved into tanks and provided with a specially prepared food, broken up into particles which are small enough for the fish to eat.
	*Parr* The fish are transferred to large tanks in the on-growing area, where they spend the majority of their lives before being transferred to sea. In the warmer months the salmon require more oxygen than the tanks can provide. Accordingly, oxygen levels are artificially boosted.
	*Smolt (70g)* After 8 to 14 months following hatching, the salmon become Smolts and are transferred to sea. At this point the typical weight of the fish is approximately 70 to 100 grams. Transfer is achieved by using pumps to load the fish into tanks on trucks. At this point they are also electronically counted.
	*Transfer (~1.5kg)* Once transferred from the hatchery, most of the fish are held in fish cages at "nursery" sites in brackish water (although in some cases this stage is skipped and the fish are placed directly into a full saltwater site). During this time, they are held in large cages, and grow quickly. After 6 to 9 months they have reached around 1.5kg, and are then transferred to marine sites for grading and on-growing to harvest size.
	*Harvest (~3 - 4kg)* Once transferred to the grow-out site, the fish are held for up to 15 months. They continue to grow in the cages in the sea water, until they are ready to be harvested. The optimum harvest size is between 3kg and 4kg.

Husbandry issues

Water Temperature
The farming of Atlantic Salmon requires cool water temperatures to maintain fish health and optimise growing conditions. Tasmania has a cool temperate maritime climate with coastal sea temperatures influenced mainly by the sub-Antarctic current (all year) and the warmer East Australian current (during summer). Coastal extremes are typically 9 to 19 degrees Celsius in farming areas.

Tasmanian Salmonid Diseases
Disease control and management is a factor critical to fish farming operations.

Tasmania is to date free of major infectious agents that have significant economic impacts in the northern hemisphere, such as Infectious Salmonid Anaemia (ISA) and Infectious Pancreatic Necrosis (IPN).

Amoebic Gill Disease (AGD)
Amoebic gill disease is caused by Paramoeba spp., that colonise the gills of salmon and multiply, particularly when the water is warm. Gill function is impaired and if left untreated significant losses can occur. AGD is effectively treated and managed through regular bathing of fish in fresh water. Alternatively, the onset of AGD can be controlled and prevented by keeping salmon in naturally occurring brackish water (water that has a lower salinity than sea water).

Fur seals
Australian fur seals are endemic to the south east of Australia and these, together with small numbers of New Zealand fur seals, can cause significant losses to the Salmonid industry. Such losses are direct, when seals maul salmon and indirect, when seals cause holes in the nets leading to stock losses.

Australian fur seals are a protected species. Accordingly, Tasmanian marine farmers employ, amongst other preventative measures, trapping and relocation of fur seals. The relocation of fur seals is carried out by the Tasmanian Government wildlife agency. Various net management practices are also used to control fur seal attacks.

Algal blooms
Seasonal nutrient cycles coupled with weather events can lead to conditions where algae blooms occur in coastal waters.

Many of the algae species are of little consequence to salmon but some are considered harmful. Some species of algae irritate the gills of salmon, other species may depress feeding with little other effect, but others can produce toxic chemicals that may lead to the death of the fish.

Section 3 – Description of the Business

Overview of the Business

Tassal is the largest producer and marketer of Atlantic Salmon in Australia. It has achieved this position in the domestic market for fresh whole and salmon portions and is the key supplier of value added Atlantic Salmon to the largest Australian supermarket chains. Tassal has established effective marketing and distribution channels throughout Australia and has historically achieved premium prices in the Japanese market.

Evolution of Tassal

Tassal has evolved into Australia's largest producer of Atlantic Salmon products.

In 1987, Tassal Limited completed an initial public offering, raising approximately $6.2 million, and subsequently listed on the ASX. During its period as a listed company, Tassal Limited grew its business substantially, acquiring Tasmanian Atlantic Salmon Limited in 1990 and Tasmanian Smokehouse Pty Ltd in 1994, and the business of Safcol (Tas) Pty Ltd in 1993. Tassal's annual revenue grew from approximately $1.7 million in 1988 to over $65 million in 2002 (excluding SGARA, certain financial results of Tassal Japan Limited and the financial results of Nortas).

Tassal's total revenue, including Nortas, has grown to $94 million (proforma FY2003 excluding SGARA). Tassal is forecasting proforma EBIT (excluding SGARA) of $9.2 million for FY2004.

"Tassal is the largest producer and marketer of Atlantic Salmon in Australia"

Receivership

In June 2002, Receivers and Managers were appointed to Tassal Limited. The Receivers and Managers highlighted a number of problems with the business and issues facing the Australian Salmonid industry at that time. These problems revolved around six key issues:

- Overcapitalisation of the processing facilities at Huonville which resulted in unsustainable levels of high debt within Tassal;
- An industry characterised by many competitors of insufficient size to reap the required economies of scale to grow profitably;
- Tassal was over geared and acted to maximise sales turnover, which contributed to a fall in the domestic wholesale price of HOGG salmon;
- Increasing oversupplies of Smolt to the industry as a result of increased production from Saltas and the establishment and expansion of hatcheries by other producers;
- Lack of focus on proactive risk mitigation in marine farming operations compounded by adverse environmental conditions which resulted in higher levels of stock loss; and
- Inadequate information and planning systems leading to ineffective management of production to meet demand and inadequate mechanisms for anticipation and management of operational risks.

Acquisition of Nortas

During the initial period of Receivership, the Receivers and Managers implemented initiatives with the aim of stabilising the business. In order to capitalise on these initiatives, increase economies of scale in the industry, and mitigate the risks associated with Salmonid production, the Receivers and Managers acquired the business of Nortas, in February 2003.

The rationale for the acquisition of Nortas was centred around two key objectives:

- obtaining significant synergies from a combination of the respective business operations; and
- mitigating risks associated with the production of live finfish stock.

Tassal's turnaround

Tassal will emerge from Receivership in a much stronger position. In addition to its return to profitability, Tassal has undertaken structural changes and put in place measures to minimise the recurrence of the previous problems. Specific initiatives have included:

- Rationalisation of the industry following Tassal's acquisition of Nortas – this acquisition has allowed Tassal to reap cost savings through economies of scale and realise other margin enhancing benefits. In particular:
  i. Stock Feed Costs – Re-negotiated stock feed rates between Tassal and its stock feed supplier have been extended to Nortas, at lower rates than those which Nortas was previously paying.
  ii. Packaging and Freight Costs – Tassal's lower rates for packaging and freight have been extended to Nortas' volumes with additional savings achieved from higher overall volumes.
  iii. Rationalisation of Wet and Value Added Processing functions – Both Tassal and Nortas run independent wet processing and value added operations. Plans are currently being considered for further efficiency gains from these facilities.
  iv. Selling Price Uplift – Tassal's premium product and position as Australia's largest producer of salmon is expected to assist in raising the price received for Nortas product. This price should balance the price competitiveness of imports and the current supply and demand of the domestic market.
  v. Production of both HOGG salmon and value added products are being streamed through the various processing facilities to consolidate production runs and realise economies of scale. This has allowed specialisation of the processes, reducing the inefficiency and waste associated with frequent production line changes.
  vi. Overhead Costs – Overhead cost reductions have been achieved through a rationalisation of administrative, financial and information technology functions.

- The acquisition of Nortas has assisted Tassal in the management of many of the risks associated with marine farming. In particular:
  i. Geographic Diversification of Marine Farm Locations – The acquisition of Nortas brought 5 new marine sites to the business in addition to the 13 sites already held by Tassal. The location of Nortas' marine farms has provided further geographic diversification for the farming of salmon. This assists in reducing the risk of loss of live finfish stock as a result of disease, natural predators and seasonal and environmental conditions.
  ii. Diversification of Smolt Supply – Previously, Tassal purchased approximately 90% of its Smolt from Saltas. The acquisition of Nortas provided Tassal with an independent alternative source for Smolt from its leased hatchery at Russell Falls. The ability to source Smolt from both Saltas and Russell Falls reduces the risk of reliance on one provider of Smolt and gives Tassal added flexibility to augment its production of Smolt outside the quota system of Saltas.
  iii. Species Diversification – In addition to the farming of Atlantic Salmon, Nortas farms ocean trout. Ocean trout provides risk mitigation through its different susceptibilities to environmental factors including disease and water temperature and is particularly suited to farming in the brackish water environment of Macquarie Harbour. Although at the present time, the production of ocean trout represents a small proportion of total production, this is an area of future growth for Tassal.

- Improved management processes and responsiveness have allowed Tassal to respond to market conditions including proactive management of marine farming and processing operations to direct production to higher margin sales.
- Marine operations have focussed on improving the key business drivers of fish survival and fish biomass. With respect to fish biomass, management have focussed on the identification and application of appropriate feeding strategies to optimise growth and Feed Conversion Ratios.
- Tassal has developed analytical planning and forecasting tools to provide better material resource planning for variations in feed stock.
- A well developed and integrated planning cycle is in place to identify and exploit market and production potentials. This cycle involves all key areas of the supply chain, from marine farming to sales.

Description of the Business

Tassal today – stability and growth

The success of the initiatives put in place by the Receivers and Managers has been demonstrated by the improved financial performance of Tassal in FY2003. The Company is of the view that Tassal is now ideally placed to take advantage of its position as Australia's largest producer of Atlantic Salmon. These initiatives are further enhanced by the proposed structure for the purchase of Tassal by the Company. In particular:

- The Company (through its wholly owned subsidiary, Tassal Operations) will acquire the assets of Tassal under the Business Sale and Purchase Deed, at an estimated $13.9 million discount to written down book value.
- Gearing levels will be reduced following the recapitalisation of the Tassal Business.

As the market leader in a rationalising industry, Tassal will be well positioned to take advantage of the growth opportunities expected to emerge in the short and medium term. Amongst these opportunities are:

- *Industry Organic Growth* - The farm gate value of aquaculture production has grown on average by approximately 15 per cent annually between 1993 and 2002. Tassal is well positioned to leverage off this industry growth.

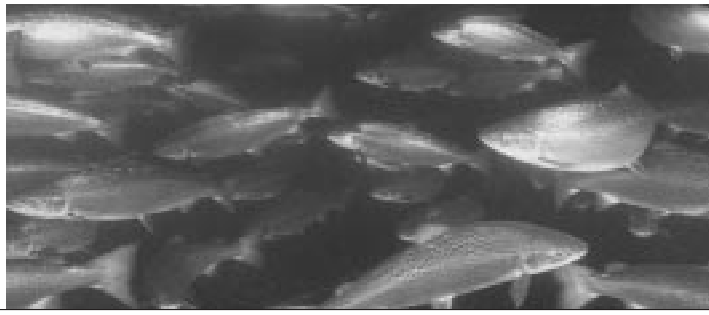
- *Salmon Organic Growth* – It is well accepted that the world is moving towards increasing trends to healthier eating. As a major source of low-fat protein, rich in Omega-3, Atlantic Salmon is well placed to benefit from this trend.

- *Production of New Salmon Products* – Tassal intends to grow its domestic market through the introduction of new salmon products and a growing acceptance of salmon based products for main meals in households. Demand for Tassal's value added products has shown strong growth. Building on its competitive advantage in processing capabilities, Tassal will continue to evaluate opportunities to introduce new value added products.

- *Entering New Markets* – Whilst Tassal is market leader in the domestic market, there are some sub-sectors of that market in which its products are not well entrenched. An example of this is the frozen meals sector. Tassal is currently exploring opportunities for supplying this sector as well as co-branding opportunities for the end product.

- *Exports* – Due to disequilibrium in the international markets, Tassal has more recently concentrated its sales and marketing towards the domestic market where its margins are currently superior. There is evidence emerging of international markets moving back into demand/supply equilibrium. Tassal's product enjoys a reputation for its cleanliness and quality and has historically commanded premium prices in the Japanese market. The Company will maintain the international distribution channels developed by Tassal, in the expectation of opportunities again arising to re-enter the export markets at acceptable margins.

- *Growth through Acquisition* – Tassal has been proactive the way in the rationalisation of the domestic Salmonid industry. The Company believes that this rationalisation is not yet complete. Opportunities are expected to emerge for further growth by acquisition.



Management Information System

Tassal has developed and implemented a series of software planning systems and procedures to aid in the profitable allocation of salmon to market. These systems are highly specialised and integrate various information and management systems through Marine Operations, Wet Processing, Value Added Processing and Sales and Marketing, closing the supply and demand loop.

Marine Operations' information systems comprise, an on-farm database system and a harvest planning and forecasting database. Together they provide detailed information to manage fish stocks, plan forecast harvest production and link to Sales Allocation Planning systems in Wet and Value Added Processing.

The on-farm database system records information on individual stock pens including location, feed, mortality (by type), weight checks, fish counts, gill health records, harvest grading details and movements. It produces daily reports of stock information, incorporating environmental and weather details. It is linked to the harvest planning and forecasting database and updated on an hourly basis. From this information, daily and monthly harvest planning schedules are generated which are used by Marine Operations' staff to plan operational activities including grading, bathing, net changing and lease stocking.

Within the Wet Processing and Value Added Processing operations, Sales Allocation Planning systems are used to provide a processing plan based on:

- forecast sales estimates from Sales and Marketing;
- estimates of HOGG salmon availability; and
- information on changing market conditions.

In addition, Sales Allocation Planning systems also provide feedback into Marine Operations to assist in harvest planning to meet forecast requirements.

Weekly meetings are held between the various representatives of Marine Operations, Wet and Value Added Processing, and Sales and Marketing, to review the processing plans and forecast harvest data. The respective plans and data are then updated and revised based on various external and unforeseen market changes. This process is essential in ensuring tight linkage between supply, production and demand.

Tassal also employs a higher level management information system to perform the same function as the Sales Allocation Planning system, but over a much longer time frame. The system allows a view of the mass balance across the Financial Year, linking Sales and Marketing to Marine Operations and ensuring there are sufficient fish and processing capacity to meet budgeted sales. In addition, it also provides analysis of frozen stock build-up and consumption, for finished goods, HOGG salmon and fillets.

Description of the Business

Risk Management

Tassal has in place a range of risk management strategies to mitigate the risks associated with marine farming operations. An outline of the key strategies currently employed by Tassal within Marine Operations is set out below.

Water Temperatures

Significant stock losses and compromised fish growth were experienced in the unusually warm summers of 1999/2000, 2000/2001 and 2001/2002 when water temperatures were at around 16 to 18 degrees Celsius for an extended period.

Learning from this experience, Tassal now has a comprehensive database of daily temperatures starting in 1989 and has been working with CSIRO on the prediction of summer temperatures. This work, which has been conducted in respect of the last 2 summer periods, is new. As a result of this work and risk mitigation policies and procedures that have now been put into place, Tassal is better equipped to anticipate a rise in water temperatures and to take appropriate preventative or remedial action to mitigate the risk of compromised stock growth and stock loss during warm summer temperatures. Such measures include:

- Monitoring and management of the "in pen" environment including, oxygen monitoring, net cleaning to ensure adequate water flow, and stock density management;
- Information management to provide up-to-date information on environmental conditions to allow pre-emptive measures to be initiated in a timely manner;
- Timely and frequent fish health checks, including extensive AGD monitoring protocols, to allow fine-tuning of bathing schedules and other disease prevention measures; and
- Adoption of specific feeding regimes for the summer period, with the aim of maximising Feed Conversion Ratios and optimising growing conditions.

Salmonid Diseases

Stock is routinely bath vaccinated to avoid problems with Vibrio, a ubiquitous pathological bacterium. Tassal has not employed antibiotics in its southern farms since 1989 although short term treatments have been employed on Nortas' farms to effectively treat a bacterial disease (Yersiniosis).

Amoebic Gill Disease (AGD)

Tassal has in place a regular treatment program for the control of AGD that involves bathing the fish in oxygenated fresh water. Bathing is highly effective if implemented at the appropriate time and is becoming increasingly economic through the introduction of automated technology. Extensive checking of gill health, supports this regular treatment program.

Brackish water (water that has a lower salinity than sea water) also controls the onset of AGD. Naturally occurring brackish water in Tassal's Macquarie Harbour farms and in the Tamar River farm (where stock is agisted for Tassal) seems to prevent the onset of AGD and as a result management has been able to dispense with bathing. In addition, the Huon Estuary nursery sites of Tassal similarly experience protection during periods of brackish water influence.

Losses directly attributable to AGD now total less than 0.3% of a given year class (previously as high as 1.5%), with significant improvements not only in direct losses but also in handling mortalities.

Predators – Fur Seals

Learning from previous experience, Tassal's current practice is to use both double and single net systems to manage seal interactions. Single net systems rely on heavy ply nets coated to stiffen the net, and double net systems effectively separate seals from the fish. Whilst seals have become more problematical in recent years, current management practices appear to be proving to be effective in reducing the incidence and impact of seal attacks.

Trapping and relocation of seals also assists management. Such relocations are carried out by the Tasmanian Government wildlife agency.

Algal blooms

Blooms of toxic algae were encountered in the Tasman region in the autumn of 2003.

Mitigation of the risks of algal blooms involves regular sampling of the water and submission of samples to the Harmful Algal Blooms unit at the University of Tasmania. This can provide early warning of potential problems. Vigorous aeration of the fish pens combined with towing of pens to other non-affected regions has proved to be very effective.

Routine aeration of pens during the "at risk" period, from spring to autumn, is being introduced on all of Tassal's farms in the southeast of Tasmania.

Operations

Set out below is a diagrammatic representation of the production and processing operations of Tassal.

PRODUCTION

NURSERY PHASE

Fresh Water Operations

Saltas* | Russell Falls

GROWOUT PHASE

Marine Operations

Esperance | Bruny | Tamar | Tasman Peninsula | Macquarie Harbour**

PROCESSING

HARVEST

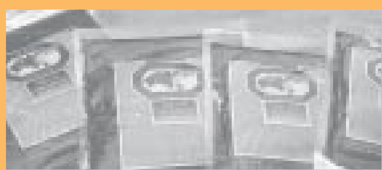
Wet Processing

Dover | Mornington

HOGG (Head on Grilled and Gutted)

Value Added Processing

Huonville | Mornington

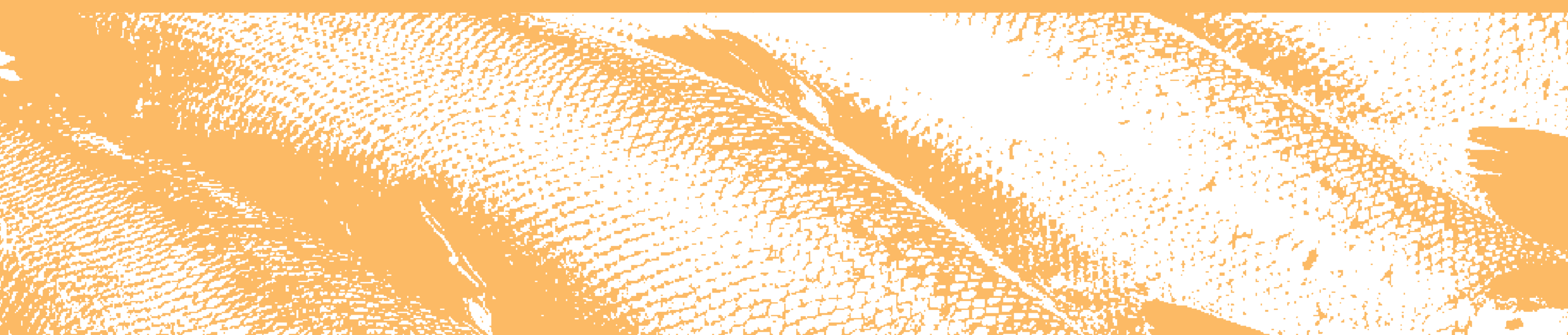


Fillets/portions
Smoked Salmon***
Smoked Trout***
Salmon Caviar

* Partly owned by Tassal.
** Tassal contracts with Van Diemen Aquaculture (VDA) for farming of its salmon in the Tamar River.
*** Currently only produced at Huonville.

Operating Locations – Tasmania

1 Saltas Hatchery
2 Russell Falls Hatchery
3 Dover Wet Processing Facility
4 Huonville Value Added Facility
5 Mornington Wet and Value Added Facility
☐ Marine Farms



Fresh Water Operations

The Fresh Water operations of Tassal are conducted at the salmon hatchery and juvenile production facilities at Saltas and Russell Falls. Saltas was established in 1985 as a co-operative venture between the Tasmanian Government and Tasmanian salmon growers in order to provide a controlled source of salmon for the developing industry. Saltas provides salmon growers with an entitlement to purchase Smolt in proportion to their ordinary shareholding in the company. Tassal Limited holds 63% of the Ordinary shares in Saltas, providing it with an equivalent entitlement to Smolt each year. Consequently, Tassal is the largest customer of Saltas. As part of the Nortas acquisition, Tassal now has access to all Smolt and Fingerling production from the Russell Falls Salmonid hatchery, adding further capacity to Tassal's operations.

Saltas

The Saltas hatchery is spread across two facilities approximately 6 km apart but drawing water from independent river systems. In aggregate it is capable of generating an annual production of some 3.2 million Smolt. All egg incubation and early rearing takes place in two high-tech recirculating-water systems, which allows full control of the growing conditions experienced by the fish. As biomass in the system increases, fish are graded off and removed to outdoor tanks where they continue to grow and are transferred to sea within 14 months of hatching.

By using a combination of photoperiod and temperature control, a range of Smolt stock types can be transferred to sea from April until October of each year. This provides for the supply of fresh salmon to market during biological gaps in natural supply.

Broodstock fish (those from which eggs are harvested) are generally held in seawater sites and transferred back to freshwater sites at the hatchery for spawning. However, increasing numbers have been successfully held at the hatchery and spawned in freshwater.

Russell Falls

The Russell Falls Salmonid hatchery and juvenile production facility is a well established operation spread across two facilities The facilities are approximately 10 km apart, but drawing water from the same river. In aggregate, Russell Falls is capable of generating an annual production of approximately 1.2 million Smolt and 0.3 million Fingerlings. Production systems and operations are very similar to that of Saltas, with a smaller capacity overall and the accommodation of rainbow trout in the production cycle. Tassal receives 100% of the production from this operation.

Marine Operations

Marine Operations encompass some 5 farming regions at which Smolt transferred from either Saltas or Russell Falls are grown to harvest. Tassal's regional Marine Operations are located at:

- Esperance (Dover and Huon River Estuary);
- Bruny Island;
- Tasman Peninsula;
- Macquarie Harbour; and
- Tamar (third party agister).

The acquisition of Nortas provided two additional marine farming regions to Tassal's operations, Macquarie Harbour and Bruny Island. Macquarie Harbour, a large body of brackish water, can be used in the production of mid-March to June fish. Similarly, the Bruny Island site has been used to focus on the farming of a particular variety of salmon suited to this region. These sites have provided further geographical diversity to Tassal's marine farming operations and assists in the mitigation of risk.

Tassal's annual intake of around 3.3 million Smolt is transferred between April and October to nursery sites in the Huon River, Bruny Island, the Tasman Peninsula, Macquarie Harbour and the Tamar River.

Careful management and regular checks on the fish population ensure an optimum nurturing environment in which the young salmon develop. After six to nine months at the nursery sites, the salmon are transferred to grow-out farms for grading and on-growing to harvest size.

Description of the Business

Tamar Agistment Agreement
In addition to its own Marine Operations, Tassal currently has in place an agreement with Van Diemen Aquaculture (VDA) for the agistment of Atlantic Salmon in the Tamar River. Tassal provides VDA with Smolt and pays VDA an agistment fee based on a fixed price per kilogram harvested.

Agreement with Southern Ocean Trout (SOT)
In July 2003, Tassal entered into an arrangement with SOT to facilitate additional trout production for supply to its domestic customer base. The arrangement provides for the sale of Fingerlings (from its hatchery at Russell Falls) by Tassal to SOT and the subsequent re-purchase by Tassal of that trout from SOT for resale to Tassal's customers.

SOT is situated at Macquarie Harbour, and its personnel have significant experience in the aquaculture industry in this region.

Processing

When the salmon reach harvest size, fish from Esperance, the Tasman and Bruny are transferred to the Dover farm for HOGG Wet Processing, whilst salmon harvested in the Tamar and at Macquarie Harbour are HOGG processed at Mornington. Fish are then streamed by size and quality, and either on-sent for Value Added Processing or shipped to market as fresh HOGG product.

Wet Processing (Dover)
The Dover site is located on the waterline on the southern side of Port Esperance. It is capable of harvesting and processing 10,000 fish (approximately 38 tonnes) in a normal shift.

Fish for harvest are HOGG processed and cleaned. The fish are individually weighed using an automated weighing system, with every fish generating a database record. These individual recordings provide timely feedback to assess fish and factory performance, assist in forecasting future performance and provide feedback to Marine Operations so as to provide the necessary information to management for optimised farming performance.

Cleaned fish are either packed as fresh HOGG to market or despatched to Value Added Processing.

Wet Processing (Mornington)
The processing facilities at Mornington are principally value added facilities, however, Mornington does process HOGG salmon and trout within its wet processing facilities. There are some transport advantages in Mornington’s location, providing Tassal with greater flexibility and efficiency in processing fish to market.

Value Added Processing
Tassal’s value added operations are conducted at two sites, Huonville and Mornington. The Huonville plant was commissioned in 1998 as a state-of-the-art salmon and trout on-processing facility, producing fresh and frozen, smoked and un-smoked products. The site at Mornington was acquired by Nortas seven years ago and the factory produces fresh and value added production of salmon and trout, smoked and unsmoked.

Value added products produced at Huonville and Mornington include:
- Unsmoked Fillets;
- Unsmoked Portion and Portion Offcuts;
- Caviar (Roe);
- Smoked Unsliced Fillets; and
- Smoked Sliced Fillets.

Huonville
The Huonville plant was designed to accommodate long production runs with the focus on minimising cost whilst maintaining exceptional quality. Current throughput is 3,000 HOGG tonnes per year, but capacity exists to expand this to over 4,500 tonnes without further significant investment in infrastructure.

The two main production lines are smoked products (1,700 HOGG tonnes or 1,000 sales tonnes per annum) and un-smoked portions and fillets (‘fresh products’, 1,200 HOGG tones or 700 sales tonnes per annum).

Mornington
The Mornington plant was built in 1994 with additional capacity added in 1998.

The plant runs three main lines: HOGG whole salmon (Wet Processing), smoked products (270 HOGG equivalent sales tonnes per annum) and un-smoked portions, cutlets and fillets ('fresh products', 1,000 HOGG equivalent sales tonnes per annum).

Mornington is ideally suited to the production of a limited range of high volume products. A recent restructuring of production has moved all smoked retail pack production to Huonville, with Mornington concentrating on the production of portions, fillets, and cutlets, and a limited number of whole smoked sides. This reduction in the number of different product types flowing through Mornington has simplified management and processing, and is expected to unlock efficiency benefits without requiring a substantial increase in volumes.

Processing
All HOGG received for processing is firstly filleted according to end use, with separate lines for smoked and fresh products. Complete details, including weight, are recorded on every bin and every fish that passes through the filleting process, allowing real time monitoring of recoveries and complete traceability through to finished product.

The processing facility utilizes continuous flow Clean-In-Place (CIP) systems on conveyors to ensure good microbiological performance with all working surfaces sanitised two-hourly.

Fresh product is skinned and cut using an automated process. The use of modern machinery employing advanced cutting technologies allows for greater versatility and the production of a broader range of product.

Fillets designated for smoked product are hand salted and placed in smoke kilns using Tasmanian Oak shavings. Tassal has the capability to produce both hot and cold smoked products. Fillets are skinned and trimmed to meet specifications and are then streamed by end product and quality into either the slicing freezer, the slicing chiller, or packed un-sliced.

Quality standards, with regard to colour, shape, texture and weight are applied in the production process to assist in meeting customer expectations in relation to the end product.

Finished products are weighed, recorded, packed and labeled utilizing integrated and automated weighing and packing machinery. Tassal uses a combination of pack-to-order, for chilled products and pack-to-stock for frozen products. Chilled products are dispatched after a positive release clearance for microbiological safety. The vast majority of chilled products are transported by road (via sea transport taking road vehicles) to Melbourne within 24 hours of dispatch.

Frozen products are stored at either Mornington or at third party commercial freezer facilities. These facilities act as the primary warehouse, with stock dispatched from Hobart to mainland freezer facilities in each State to maintain minimum stocks.

All products are fully traceable from final pack, through production and harvest, to the grow-out and hatchery.

Sales and Marketing
Tassal operates in the wholesale, retail and foodservice markets in Australia and, as the largest producer and marketer of Salmonids in Australia, has a significant market share. Wholesale and foodservice has historically provided the bulk of sales whilst retail supermarkets and supermarket categories are seen as major growth opportunities. Specific products are marketed in each of the market categories.

Within the export market Tassal's traditional focus has been the sale of fresh HOGG salmon product to the Japanese market where premium prices have been achieved. More recently global oversupply, principally by Chilean producers, has eroded margins available on international markets. Tassal is therefore redirecing its export volumes to the domestic market at higher margins. Tassal will remain positioned to take advantage of export opportunities when they arise.

Description of the Business

Domestic market

Tassal's domestic sales comprise approximately 40% retail with the balance placed in the wholesale market (including foodservice), providing a diversified customer base. Tassal supplies its products to all States and Territories, with the major markets of New South Wales and Victoria comprising over 64% of total domestic sales.

Tassal's national sales and marketing team is based in Sydney with satellite offices in Melbourne and Brisbane. The retail market, which comprises sales to supermarkets, including Coles and Woolworths, is serviced by a national manager based in Victoria. The wholesale and foodservice businesses are serviced by a national manager located in Sydney.

Tassal retains the services of third party food brokers in each state who provide merchandising, promotion and account management services for packaged retail products in all supermarket chains and groups.

Customer service teams are located in Tasmania, at the Mornington and Huonville processing plants. These teams are responsible for customer service in wholesale and foodservice and the processing of invoices and sales administration.

In addition, local third party storage of frozen stock in each state allows "just in time" replenishment for supermarket orders.

Products and Customers

The largest contributors by product to total domestic sales volumes in FY2003 (assuming Nortas for the full Financial Year), were HOGG salmon (32%), smoked salmon (31%) and fillets (27%). Products to the export market have been almost exclusively HOGG salmon. With the redirection of export volumes to the domestic market for FY2004, it is anticipated that HOGG salmon will still comprise the largest proportion by volume of domestic sales for FY2004.

Tassal markets through the premium Royal Tasmanian, Tasmanian Smokehouse and Tasmanian Supreme brands and promotes its product ranges in all categories.

Tassal's branded products fall into two categories, products branded to the wholesale and foodservice sectors and branded product to retail customers. This results in two levels of brand recognition, one at the wholesale level and another at the retail consumer level. Branded products to retail consumers comprise packaged fish products which represent approximately 12% of Tassal's domestic sales. The balance of product sold into the retail channel reaches consumers in an unbranded format.

Tassal packaged salmon brands enjoy approximately 55% of a national market once dominated by imports. Tassal has captured the majority share of Coles' fresh seafood department's salmon requirements and, following the acquisition of Nortas, now holds the majority share of Woolworths' national business in the same category. Coles and Woolworths account for the majority of supermarket fresh seafood sales. With its quality offering and its short time for delivery to the customer, Tassal is currently well positioned to take advantage of further growth in the retail channel and remains the preferred supplier with its major customers.

Tassal considers itself to be the market leader in the direct distribution channel, with an estimated 45% of the HOGG market and approximately 40% of the smoked salmon market.

Tassal continues to focus on food safety through its value added processing capabilities. The Nortas acquisition has enabled Tassal to include a broader range of smoked salmon products in Tassal's range.

Tassal is currently exploring further value added opportunities in other categories such as the frozen meals segment. Initiatives which leverage on high recognition consumer brands are possible considerations in some segments.

Export Markets

Tassal has marketed HOGG and value added products such as fillets and smoked salmon to Japan and other Asian markets over the past 10 years.

Historically, up to 75% or more of Tassal's production was exported due to low domestic demand and strong prices in the Japanese market. In more recent times the Japanese economy has contracted and increased production in Norway and Chile has seen international prices soften.

In FY2003 exports accounted for less than 15% of Tassal's business and this is expected to decline further in FY2004 as Tassal continues to redirect its volume to further exploit its strong domestic position and the better margins available in the domestic market. Despite this, Tassal salmon has enjoyed premiums over international competitor prices.

Although not acquiring Tassal's existing Japanese distribution channel, Tassal can access other Japanese distributors if it chooses to continue to supply the Japanese market.

Health and Safety

Tassal (excluding Nortas operations) achieved international ISO 9002 Accreditation for Quality for all its Australian operations in June 1996 and is currently in the process of obtaining accreditation for the recently acquired Nortas operation.

Tassal has also achieved HACCP (Hazard Analysis Critical Control Point) accreditation for its processing facilities at Dover, Mornington and Huonville. HACCP is an internationally recognised system for safe food processing which focuses on preventing food safety hazards and places greater responsibility on operations to ensure food safety. HACCP provides Tassal with a system for managing food safety during processing and reinforces Tassal's commitment to the delivery of safe food to its customers. As a key supplier to Woolworths, Tassal also has accreditation to the Woolworths Vendor Quality Management Standards.

Tassal's processing sites are regularly audited by AQIS and SGS.

The health benefits of Tasmanian Atlantic Salmon

International and domestic markets are becoming increasingly discerning in relation to the quality and safety of the seafood they purchase. Consumers are demanding that seafood be free from chemical contaminants (including heavy metals, antibiotics and Dioxins) and genetic modification. Tassal Atlantic Salmon is considered a 'clean' product relative to similar product from the Northern Hemisphere and is free from any genetic modification. Based on recent testing, Tassal Atlantic Salmon has well below the maximum permitted level of Dioxins as specified by the European Union.

With the recent emphasis on diet and healthy eating, the health benefits of fish are being promoted. Tasmanian Atlantic Salmon is recognised as a low-fat source of protein with high levels of Omega-3. Tasmanian Atlantic Salmon is second only to swordfish in its percentage concentration of Omega-3 relative to weight. Omega-3 is thought to have a wide range of potential health benefits in relation to coronary heart disease, high blood pressure, arrhythmia, rheumatoid arthritis and many other diseases.

Environmental

Tassal is strongly committed to, and acknowledges its social and regulatory obligations with regard to, maintaining and sustaining the environment impacted by Tassal's operations. Environmental management and monitoring protocols form part of Tassal's ISO 9002 accredited quality standards. These are regularly reviewed and applied to provide Tassal with comfort that the environment within which it operates is managed on a sustainable basis.

Tassal is progressing the process required to obtain accreditation to the international environment standards ISO14000. The objective of ISO14000 is to provide an environmental management system to identify environmental impacts and determine the most appropriate way to manage and minimise those impacts in order to improve environmental and business performance.

Tassal manages its farm environment by employing conservative stocking densities in the pens and by fallowing practices and movement of pens on farms. Independent environmental monitoring is carried out every 6 months, or less frequently if the Government regulator is satisfied, on all actively farmed sites.

Section 4 – Financial Information

Proforma Historical and Forecast Statements of Financial Performance

This Section provides unaudited Proforma Historical Statements of Financial Performance for Tassal and Proforma Forecast Statements of Financial Performance for the Company. This information should be read in conjunction with the assumptions and sensitivity analysis in this Section, the risk factors set out in Section 6, and other information contained in this Prospectus.

The Proforma Historical Statements of Financial Performance are presented for the four Financial Years ended 30 June 2003 and reflect the following:

- the combined operating results from the unaudited management accounts of Tassal (excluding Tassal Japan Limited) and Nortas for each of the 2000, 2001 and 2002 Financial Years; and
- for the 2003 Financial Year, the combined operating results of Tassal and Nortas for the period from 1 July 2002 to 14 February 2003 together with the operating performance of Tassal (including Nortas) for the period from 15 February 2003 to 30 June 2003.

The Proforma Forecast Statements of Financial Performance have been provided for the seven months ending 30 June 2004 and for the 2004 Financial Year, and reflect the following:

- The Forecast Statement of Financial Performance for the seven month period ending 30 June 2004 (Seven Month Forecast) has been prepared to reflect the forecast financial performance of the Company as if it were to operate for the full seven months from 1 December 2003 (expected date of settlement of the Business Sale and Purchase Deed) to 30 June 2004.
- The Proforma Forecast Statement of Financial Performance for the twelve month period ending 30 June 2004 (Twelve Month Forecast) has been prepared to reflect the financial performance of the Company as if it had been operating for the full twelve months from 1 July 2003 to 30 June 2004.
- Both the Seven Month Forecast and the Twelve Month Forecast have been based on a series of key assumptions which are outlined later in this Section ("Directors' Forecast Assumptions").
- Both the Seven Month Forecast and the Twelve Month Forecast reflect the impact on financial performance arising from the application of the discount on acquisition as a result of the purchase of the Tassal Business at a discount to accrued book value. These include:
  - reduced depreciation expense; and
  - reduced cost of goods sold from the allocation of the discount on acquisition of Tassal to non-SGARA inventory.
- The normalised net profit after tax reported in the Seven Month Forecast and Twelve Month Forecast excludes the gross profit uplift arising from the impact of the discount on acquisition on the Company's costs of goods sold, and the removal of restructuring costs.

To assist users, the unaudited Proforma Historical Statements of Financial Performance and the Forecast Statements of Financial Performance have been prepared on the basis of including and excluding the impact of Self-Generating and Regenerating Assets (SGARA) as defined by Australian Accounting Standard AASB 1037: "Self-Generating and Regenerating Assets".

Adjustments have been made to the Proforma Historical Statements of Financial Performance for Tassal to recognise generally accepted accounting principles; include the trading results of Nortas prior to its acquisition by Tassal on 14 February 2003; exclude non-recurring items; exclude certain financial results of Tassal Japan Limited (Tassal's Japanese trading subsidiary which will not be acquired by the Company); align the accounting policies of Tassal and Nortas; and to restate the impact of various provisions raised by the Receivers and Managers immediately following their appointment; in order to present the trading results of Tassal as though it was operating in the same form during the four years ended 30 June 2003. No synergy benefits that might arise from the combination of Tassal and Nortas have been included in the Proforma Historical Statements of Financial Performance other than those benefits that have actually occurred since 14 February 2003.

The Proforma Historical Statements of Financial Performance have been presented before interest and tax as going forward the Company will be operating under a new capital structure.

Proforma Historical and Forecast Statement of Financial Performance

SGARA excluded from normalised nett profit after tax.

	Proforma Historical				Forecast	
	FY2000(1) 12 months ($ million)	FY2001(1) 12months ($ million)	FY2002(1) 12 months ($ million)	FY2003(2) 12 months ($ million)	7 month period ending 30 June 2004(3) ($ million)	Proforma Forecast 12 months ending 30 June 2004(4) ($ million)
Net sales revenue	87.0	88.8	91.9	94.1	57.8	94.2
Cost of goods sold					(45.3)	(73.3)
Contribution margin					12.5	20.9
Operating expenses					(4.2)	(7.7)
EBITDA	**16.1**	**9.4**	**(2.4)**	**5.7**	**8.3**	**13.2**
Depreciation					(2.3)	(4.0)
EBIT (5)(6)(7)	**13.0**	**5.9**	**(6.2)**	**0.8**	**6.0**	**9.2**
Net interest expense					(1.0)	(1.6)
Profit before tax					5.0	7.6
Income tax expense					(1.5)	(2.4)
Normalised net profit after tax (5)					**3.5**	**5.2**
Adjustments (6)(7)					1.0	1.2
Net impact of SGARA(8)					2.8	5.1
Net profit after tax					**7.3**	**11.5**
Normalised earnings per share						6.4
Earnings per share (cents)						14.0

(1) Proforma Historical Statements of Financial Performance have been prepared on the assumption that Tassal and Nortas had been trading as a single entity for the full Financial Year.

(2) FY2003 Proforma Historical Statement of Financial Performance is based on a combination of the trading results of Nortas and Tassal until 14 February 2003 and the actual trading results of Tassal (including Nortas) from 15 February 2003 to 30 June 2003.

(3) The Seven Month Forecast has been prepared so as to reflect the forecast financial performance of the Company as if it acquires and then operates the Tassal Business from 1 December 2003.

(4) The Twelve Month Forecast has been prepared so as to reflect the forecast financial performance of the Company as if it had acquired the Tassal Business and had been operating from 1 July 2003.

(5) The normalised forecast net profit after tax has not been adjusted to reflect the impact of the discount on acquisition expected to arise at the date of acquisition of Tassal.

(6) The Seven Month Forecast adjusted net profit after tax has been calculated after adjusting for approximately $1.0 million (after tax) of additional gross profit expected to be recorded as a result of Tassal's raw materials inventory (pre-SGARA) reduced for the discount on acquisition.

(7) The Twelve Month Forecast adjusted net profit after tax has been calculated after adjusting for approximately $0.4 million (after tax) of restructuring costs expected to be incurred by Tassal prior to the Company's acquisition of the Tassal Business, and a further $1.6 million (after tax) of additional gross profit expected to be recorded as a result of Tassal's raw materials inventory (pre-SGARA) being bought at a discount by the Company.

(8) The net impact of SGARA figure for the Seven Month Forecast and the Twelve Month Forecast is calculated to indicate what would be the after tax impact of adopting SGARA on the net profit after tax figure for the two respective periods.

Financial Information

Proforma Historical and Forecast Statement of Financial Performance

SGARA included in normalised nett profit after tax.

	Proforma Historical			Forecast	
	FY2001[1] 12months ($ million)	FY2002[1] 12 months ($ million)	FY2003[2] 12 months ($ million)	7 month period ending 30 June 2004[3] ($ million)	Proforma Forecast 12 months ending 30 June 2004[4] ($ million)
Net sales revenue	129.8	125.3	130.0	87.2	151.0
Cost of goods sold				(70.6)	(122.8)
Contribution margin				16.6	28.2
Operating expenses				(4.3)	(7.7)
EBITDA	**13.2**	**(4.4)**	**6.6**	**12.3**	**20.5**
Depreciation				(2.3)	(4.0)
EBIT [5][6][7]	**9.7**	**(8.3)**	**1.6**	**10.0**	**16.5**
Net interest expense				(1.0)	(1.6)
Profit before tax				9.0	14.9
Income tax expense				(2.7)	(4.6)
Normalised net profit after tax [5]				**6.3**	**10.3**
Adjustments [6][7]				1.0	1.2
Net profit after tax				**7.3**	**11.5**
Normalised earnings per share					12.6
Earnings per share (cents)					14.0

(1) Proforma Historical Statements of Financial Performance prepared on the assumption that Tassal and Nortas had been trading as a single entity for the full Financial Year.
(2) FY2003 Proforma Historical Statement of Financial Performance is based on a combination of the trading results of Nortas and Tassal until 14 February 2003 and the actual trading results of Tassal (including Nortas) from 15 February 2003 to 30 June 2003.
(3) The Seven Month Forecast has been prepared so as to reflect the forecast financial performance of the Company as if it acquires and then operates the Tassal Business from 1 December 2003.
(4) The Twelve Month Forecast has been prepared so as to reflect the forecast financial performance of the Company as if it had acquired the Tassal Business and had been operating from 1 July 2003.
(5) The normalised forecast net profit after tax has not been adjusted to reflect the impact of the discount on acquisition expected to arise at the date of acquisition of Tassal.
(6) The Seven Month Forecast adjusted net profit after tax has been calculated after adjusting for approximately $1.0 million (after tax) of additional gross profit expected to be recorded as a result of Tassal's raw materials inventory (pre-SGARA) reduced for the discount on acquisition.
(7) The Twelve Month Forecast adjusted net profit after tax has been calculated after adjusting for approximately $0.4 million (after tax) of restructuring costs expected to be incurred by Tassal prior to the Company's acquisition of the Tassal Business, and a further $1.6 million (after tax) of additional gross profit expected to be recorded as a result of Tassal's raw materials inventory (pre-SGARA) being bought at a discount by the Company.

Summary of Significant Accounting Policies

The following accounting policies have been applied by the Company in deriving the Proforma Historical Statements of Financial Performance for each of the 2000, 2001, 2002 and 2003 Financial Years, the Proforma Forecast Statements of Financial Performance for 2004 as well as the Proforma Consolidated Statement of Financial Position as at 30 June 2003 (set out on page 39).

Revenue Recognition

In accordance with AASB 1037 "Self-Generating and Regenerating Assets", revenue from the Company's operations for a given period includes the change in value of live finfish stock arising from increased fish numbers on hand, the weight gain of live finfish stocks relative to designated market size thresholds, and market price movements applied to the weight of live finfish stock which is above the designated market size thresholds, during the period. Revenue calculated in accordance with SGARA does not equate to actual sales. Revenue under SGARA is intended to bring to account the full impact of any increase or decrease in market value over the year, whether or not that increase or decrease in market value is realised via sale. In a given Financial Year, the Company's finfish stocks generally consist of a principal "harvest" group of live finfish stock from which the majority of that Financial Year's income is derived, and a "nursery" Year Class which is stocked for sale predominantly in the next Financial Year. In the context of the 2004 Financial Year the 2002 Year Class represents the principal harvest group, and the 2003 Year Class represents the nursery group.

Inventory Valuation

Live finfish stocks

Live finfish stock is valued at net market value, determined as the proceeds expected to be received from the sale of processed finfish stock, based on market prices derived in active and liquid markets, after deducting harvesting, value adding, and selling costs.

SGARA became compulsory to adopt from 1 July 2000 and applies to a variety of industries including the Salmonid industry. SGARA requires that the Company's live finfish stock be valued at market value, net of selling costs. Market value of the live finfish stock is determined by reference to the number and weight of finfish on hand, and price per kilogram (as applicable).

Fish losses that occur during the normal course of business are charged to the trading results of the Company over the remaining period of the corresponding Year Class of finfish.

Processed finfish, other processed seafood, and stocks of feed, store and packaging

Processed finfish, other processed seafood, and stocks of feed, stores and packaging are valued at the lower of cost and net market value. Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

Costs are assigned to processed finfish and other processed seafood on a first in first out basis. Costs include raw materials, labour and an appropriate proportion of fixed and variable overheads.

Costs are assigned to stocks of feed, stores and packaging on a first in first out basis.

Financial Information

Recoverable Amount of Non-Current Assets Valued on a Cost Basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at each balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the Proforma Statement of Financial Performance in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value.

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 Company. Estimates of remaining useful lives are made on an ongoing basis for all assets. The expected useful lives are as follows:

- Buildings: 25 years
- Plant and equipment: 2 – 16 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.

Investments

For the purposes of presenting the Proforma Historical Statements of Financial Performance, Proforma Forecast Statements of Financial Performance and the Proforma Consolidated Statement of Financial Position, the Company's investment in Saltas has not been equity-accounted. For the purposes of the Proforma Consolidated Statement of Financial Position the carrying value of the investment in Saltas, before the application of the expected discount on acquisition, is the estimated market value of the shares.

Employee Entitlements

The provisions for annual leave and long service leave have been calculated in accordance with AASB 1028 "Employee Entitlements" and represent the amount which the Company has a present obligation to pay resulting from the employees' service period provided up to the balance date.

The provision for annual leave has been calculated at undiscounted amounts based on current wage and salary rates and includes associated on-costs. The provision for long service leave has been determined on the basis of the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service period up to the balance date. Consideration has been given to future increases in wage and salary rates and historical experience with regard to staff departures. Related on-costs have been factored into the provision.

Discount on Acquisition

For the purposes of the Proforma Consolidated Statement of Financial Position and in accordance with Australian Accounting Standard AASB 1013 "Accounting for Goodwill", the discount on acquisition arising from the purchase of the Tassal business has been proportionately allocated to the fair values of the non-monetary assets (inventory, fixed assets and investments) acquired.
To better reflect the ongoing operations of Tassal, the normalised net profit after tax recorded in Forecast Statements of Financial Performance excludes the impact on Tassal's forecast trading results arising from the reduced inventory values caused by the allocation of the discount on acquisition.

An Overview of Proforma Historical Trading Results

For comparative purposes, the commentary in this overview of Tassal's Proforma Historical Statements of Financial Performance relates to the unaudited proforma trading results of Tassal excluding the impact of SGARA.

2001 Financial Year

Tassal's proforma EBIT was $5.9 million.

Uncharacteristically high water temperatures significantly impacted EBIT margins by retarding fishstock growth and increasing costs. The warmer water continued through to April 2001 which also adversely impacted the size of fish sold in the latter months of the Financial Year.

The average weight of fish harvested correspondingly decreased by 5% compared to the prior Financial Year. This decrease was more than offset by higher harvest volumes that drove an overall increase in total harvest weight to more than 7,000 tonnes.

2002 Financial Year

Tassal's proforma EBIT was a loss of $6.2 million.

Net revenue increased by 3.5%, as a result of improved domestic and export sales volumes, with Tassal reporting a 23% increase in harvest tonnage for the year, primarily driven by a rise in the number of fish harvested.

However, the weighted average selling price decreased by 8% compared with the prior year due to a combination of product mix changes and lower average prices experienced in the domestic and export markets.

Coinciding with the appointment of the Receivers and Managers, Tassal undertook an extensive review of its operations resulting in a $19 million writedown in inventory, plant and equipment and intangible assets. Approximately $4.3 million of these adjustments impacted Tassal's trading results above the EBIT line.

2003 Financial Year

Tassal's net revenues rose by 2.4% during FY2003 and generated a proforma EBIT of $0.8 million.

Tassal's average selling prices in the domestic market rose by 6.1% during the year, driven primarily by a series of price increases for HOGG salmon product. This, combined with a 1.7% rise in domestic sales volumes, caused a $5.9 million increase in total domestic sales. Export revenue declined by around 20% during the year as export sales to Japan were scaled down in favour of more attractive margins in the domestic market.

Tassal recorded a 9% decline in average harvest weights compared with the prior Financial Year. Fishstock shortages relative to sales demand led to the early harvest of fishstock. Mortality rates for FY2003 were approximately 1.8% higher than the previous Financial Year.

Following the Nortas acquisition, Tassal renegotiated contracts with its major feed, freight and materials suppliers, resulting in a reduction to input costs. These savings were only partially reflected in the FY2003 result as Nortas was acquired in February 2003, reflecting approximately 4 months of the Financial Year.

Financial Information

Directors' Forecast Assumptions

Basis of Preparation of Forecasts

The Proforma Forecast Statements of Financial Performance have been prepared by the Directors with proper care and attention and it is the Directors' view that all of the key assumptions outlined below are reasonable. However, many of these assumptions are subject to significant uncertainties which may be outside the control of the Company and its Directors, which means that the Forecast Statements of Financial Performance are likely to vary from the actual results. Accordingly, the Directors cannot give any assurances that the Forecast Statements of Financial Performance will be achieved.

Acquisition and Initial Public Offering Assumptions

- The Offer pursuant to this Prospectus is successfully completed and the acquisition of the Tassal Business takes place according to the terms of the Business Sale and Purchase Deed.
- The underlying assumption in the Twelve Month Forecast is that the transfer of the relevant Tassal Business takes place on 1 July 2003.
- The underlying assumption in the Seven Month Forecast is that the transfer of the relevant Tassal Business takes place on 1 December 2003.
- The Company will have access to commercial bill and working capital facilities from the ANZ Bank.

General Assumptions

- The Company's accounting policies will be applied consistently with Tassal's accounting policies throughout the forecast period, and there are no significant changes in Australia's generally accepted accounting standards which may have a material effect on the Company's forecasts.
- No significant disruption to the Company's operations or the loss of any of the Company's key customers and staff.
- No material change in trading terms with any of Tassal's major customers or suppliers, except as specifically stated under "Cost Assumptions".
- No significant change in the prevailing Australian economic conditions and competitive structure of the Salmonid industry in which Tassal operates that would have an adverse impact on the business of the Company.
- No material change in the statutory, legal and regulatory environments in which Tassal operates that would have an adverse impact on the business of the Company.
- No material change in the value of the Australian dollar, competition from imports and interest rates.
- No litigation will arise that may significantly affect the financial performance of the Company.
- There will be no change in the business strategy, and no material acquisitions, investments or disposals.

Revenue Assumptions

The Company will achieve its key sales targets through the combined impact of the following:

- the successful shift of relatively lower-margin export volumes into the domestic market. With the exception of a small volume of HOGG product, export sales, which generated approximately $15 million of revenue for Tassal in FY2003 are expected to be discontinued in FY2004 and re-directed into the Australian market;
- maintaining recent price gains throughout the year. Whilst it is expected that some price variation will occur during the peak October to December sales period, it is anticipated that outside of this period the average sales price for Tassal's various products will be in line with those achieved towards the end of FY2003; and
- organic growth in the Company's domestic markets.

Atlantic Salmon Husbandry Assumptions

- The Company will achieve a weighted average Atlantic HOGG salmon harvest weight of approximately 2.9 kilograms for the total Atlantic Salmon stock harvested during FY2004.
- The Company will achieve a proportional improvement in the average survival rate of the 2002 Year Class Atlantic Salmon of around 2.0% - 3.0% above the level achieved for the 2001 Year Class Atlantic Salmon. The 2002 Year Class is expected to represent approximately 95% of the total Atlantic HOGG salmon tonnage harvested during FY2004.
- The Company will achieve a Feed Conversion Ratio for the 2002 Year Class Atlantic Salmon of approximately 1.50 (i.e. around 1.50 kilograms of feed will be required to generate 1.00 kilogram of Atlantic HOGG salmon weight).
- Based on the above assumptions, the Company's forecast finfish harvested HOGG tonnage of Salmon and Trout for the Financial Year ending 30 June 2004 will be around 7,200 to 7,500, with between 7,100 to 7,200 HOGG tonnes sold during FY2004.

Cost Assumptions

- Compared to the 2003 Financial Year, the following changes in the Company's operating costs are forecast:
  - an average increase in staff salary costs of 4% from the second quarter of the Financial Year onwards, excluding Chief Executive Officer (CEO) and Board;
  - a reduction of around 6% in the weighted average price paid per tonne of feed during the forecast period; and
  - a reduction in freight costs of 27%, largely due to reduced exports and air freight requirements.
- Other operating expenses are kept at a level consistent with the HOGG tonnage being harvested and sold during FY2004.

FY2004 Twelve Month Forecast Compared with FY2003 Actual Proforma Result

The forecast proforma normalised EBIT for FY2004 of $9.2 million represents an $8.4 million increase on the prior year (excluding SGARA and the EBIT impact on cost of goods sold arising from the discount on acquisition). The forecast increase in EBIT is largely due to the annualised impact of cost savings arising from the renegotiation of supplier contracts and selling price increases that occurred late in FY2003.

While net revenue is forecast to increase by $0.1 million, the composition of the Company's sales is forecast to change significantly. Due to the existence of stronger margins in the domestic market, the Twelve Month Forecast assumes no material volume of exports.

Following three successive selling price increases in the second half of FY2003, the Company's Twelve Month Forecast for FY2004 allows for the annualised impact of these price adjustments, offsetting the impact on forecast revenue arising from reduced sales volumes.

Harvest tonnage is forecast to increase by 12% due to a combination of increased volumes and average weights achieved in respect of the 2002 Year Class Atlantic Salmon.

Financial Information

Forecast Sensitivities

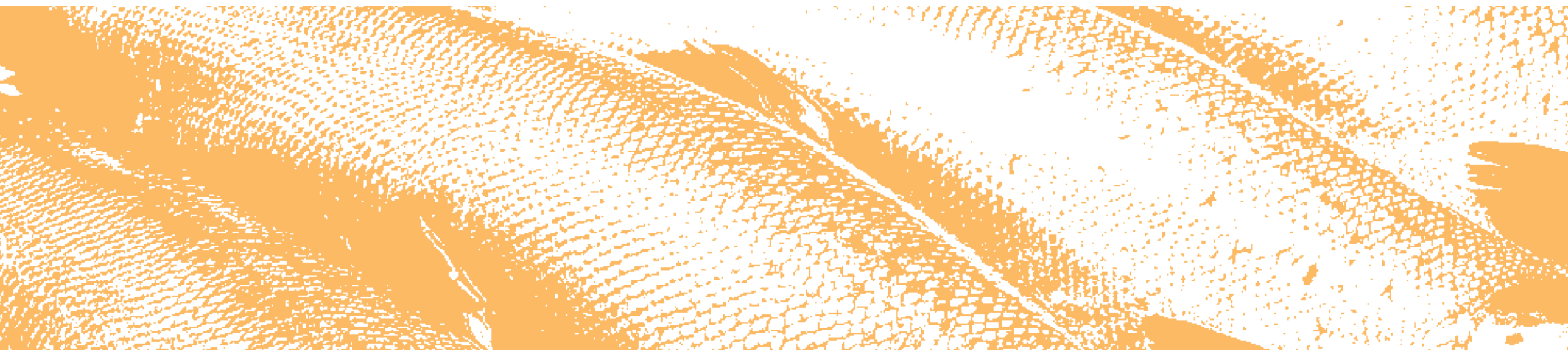
In order to illustrate the sensitivity of the Forecast Statements of Financial Performance to various key business and economic assumptions, the following table sets out the changes in the forecast EBIT and the forecast net profit after tax for the twelve month period ending 30 June 2004 as a result of a variation in certain key assumptions. These changes are modelled on a pre-SGARA basis, and therefore do not factor in the additional impact that SGARA would have on the forecast EBIT and on the forecast net profit after tax as a result of the variation in the key assumptions. The changes in key variables set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced in FY2004.

Care should be taken when interpreting the sensitivity analysis table. The impact of changes in certain variables has been calculated on the assumption of no offsetting changes in other variables. The impact of a change in domestic freight costs, average feed cost and total labour cost has been calculated on this basis. In practice, it is likely that the Company's management would respond to any adverse changes in one variable by taking action to minimise the net effect on the Company's earnings.

The impact of changes in certain other variables has been calculated on the basis that there would be some offsetting changes in other variables. The impact of a change in domestic selling prices, the average Atlantic HOGG salmon harvest size, and the Atlantic Salmon survival rate has been calculated on this basis. In the case of a change in domestic selling prices, it has been assumed that there would be a corresponding change in retail costs. In the case of a change in the average Atlantic HOGG salmon harvest size, it has been assumed that there would be a corresponding change in retail costs, freight, packaging, harvesting and processing costs. In the case of a change in the Atlantic Salmon survival rate, it has been assumed that there would be a corresponding change in feed, retail costs, freight, packaging, harvesting and processing costs.

		Impact Excluding SGARA	
Variable	**Sensitivity**	**EBIT ($million)**	**Net Profit After Tax ($million)**
Average salmonid prices across all products and all markets	+/-5%	4.4	3.1
Atlantic salmon survival rate	+/-5%	3.8	2.7
Average Atlantic HOGG salmon harvest size	+/-5%	3.3	2.3
Labour costs [1]	+/-5%	0.7	0.5
Average feed cost per tonne	+/-5%	0.4	0.3
Freight costs	+/-5%	0.2	0.2

(1) Excludes CEO and Directors' costs



Proforma Consolidated Statement of Financial Position

	As at 30 June 2003 ($millions)
Current Assets	
Cash	0.8
Receivables	12.1
Inventories	34.5
Other	0.2
Total	47.6
Non Current Assets	
Investment in Saltas	3.5
Property, Plant & Equipment	18.5
Total	22.0
Total Assets	**69.6**
Current Liabilities	
Payables	14.9
Provisions	1.8
Borrowings	8.6
Total	25.3
Non Current Liabilities	
Provisions	0.6
Borrowings	8.0
Total	8.6
Total Liabilities	**33.9**
Net Assets	**35.7**
Equity	
Issued Capital	30.3
SGARA uplift	5.4
Total Equity	**35.7**

Financial Information

The Proforma Consolidated Statement of Financial Position has been prepared to reflect the financial position of the Company as at 30 June 2003, after accounting for subsequent material transactions associated with the capital raising and the acquisition of the Tassal Business, as follows:

1. Share Capital

	Note	No	$ million
Initial Share Capital subscribed by Mariner Corporate Finance		1,000	-
Issued to Financiers		308	-
Share Split	(a)	16,998,692	-
Lodge Corporate Services Pty Ltd, or nominee	(b)	1,000,000	0.5
Financier Shares	(c)	2,000,000	1.0
Offer Shares	(d)	62,000,000	31.0
Total		**82,000,000**	**32.5**
Cost of Issue	(e)		(2.2)
Issued Capital			**30.3**

(a) the splitting of the share capital of the Company from 1,308 shares into 17,000,000 Shares;
(b) the issue of 1,000,000 Shares to Lodge Corporate Services Pty Ltd (or nominee);
(c) the issue of 2,000,000 Shares to Financiers;
(d) the issue of 62,000,000 Shares as a result of this Offer; and
(e) the payment of the expenses of the Offer, estimated to be $1.7 million in cash and $0.5 million in Shares. These expenses have been offset against the proceeds of the Offer.

2. The acquisition of the Tassal Business

(i) the acquisition by the Company (through its wholly owned subsidiary, Tassal Operations) of the Tassal Business, with the value of assets and liabilities based on the unaudited management accounts of Tassal as at 30 June 2003, adjusted to reflect those assets and liabilities that are not included in the Business Sale and Purchase Deed and adjusted to include the net market value of the live finfish in accordance with AASB 1037 "Self-Generating and Regenerating Assets" at that date;
(ii) no adjustment has been made to reflect the trading of the Tassal Business since 30 June 2003;
(iii) after taking account of the price offered for the assets and liabilities of the Tassal Business and related costs of the acquisition, including stamp duty, a discount on acquisition of approximately $13.9 million arises. In calculating the discount on acquisition it has been assumed that the book value is equivalent to the fair value of the assets and liabilities acquired. This discount has been applied to non-monetary assets on a pro rata basis in accordance with current Australian Accounting Standards for Goodwill; and
(iv) following the application of the discount on acquisition, the revaluation back to market value of the live finfish component of inventory, in accordance with AASB 1037 "Self-Generating and Regenerating Assets" which gives rise to a retained profit of $5.4 million.

3. Debt Funding

(i) As part of the acquisition, new debt funding arrangements have been negotiated. These are reflected in the Proforma Consolidated Statement of Financial Position, which include a three-year interest only commercial bill facility of $7 million and a working capital facility (of which $8 million is reflected in the Proforma Consolidated Statement of Financial Position).

The actual Statement of Financial Position of the Company following the acquisition of the Tassal Business is likely to differ substantially from the Proforma Consolidated Statement of Financial Position as at 30 June 2003 as a result of working capital movements, capital expenditure and SGARA.

Shareholder Information

Assuming the Offer is fully subscribed, the Shareholders of the Company will be as follows:

Shareholder	Number of Shares	Ownership
New investors	62,000,000	75.6%
Mariner Corporate Finance	13,000,000	15.9%
Moggs Creek Pty Ltd	3,000,000	3.7%
Maxdy Nominees Pty Ltd	1,500,000	1.8%
Australian Businesspoint Pty Ltd	1,500,000	1.8%
Lodge Corporate Services Pty Ltd (or nominee)	1,000,000	1.2%
Total	**82,000,000**	**100.0%**

Further details regarding the arrangements in relation to the allocation of the above Shares is set out in Section 8.

Share Escrow Arrangements

The ASX may, as a condition of granting the Company's application for official quotation of its Shares, classify certain Shares of the Company as restricted securities. Subject to such determination, Mariner Corporate Finance has agreed to enter into a voluntary escrow arrangement, whereby, it will not sell down its Shares to a level that is less than 10% of the issued share capital of the Company, before the announcement of the Company's results for the period ending 30 June 2004. In addition, Mariner Corporate Finance undertakes to not dispose of any of its Shares at a price less than $0.50 per share, before the announcement of the Company's results for the period ending 30 June 2004.

Section 5 – Board of Directors and Senior Management

Directors of the Board
The current Board of Directors of the Company comprises six non-executive Directors, including the Chairman.

The Board members offer a wide range of skills, experience and qualities.

Mr David Williams, B.Ec (Hons), M.Ec, FAICD
Non-Executive Chairman
David is Managing Director of Mariner Corporate Finance with approximately 20 years experience in the investment banking sector.

David holds a Masters and an Honours degree in Economics and is a Director of Select Harvests Limited and Austin Group Limited.

He is Chairman of the Remuneration Committee.

Mr Max Fremder,
Non-Executive Director
Max is Non-Executive Chairman of Select Harvests Limited, a former Director of IAMA Limited, and founder of Nufarm Limited, one of Australia's largest chemical manufacturers for the rural industry.

Mr Allan McCallum, Dip. Ag Science, MAICD
Non-Executive Director
Allan is Deputy Chairman of Graincorp Limited, Non-Executive Director of Incitec Pivot Limited, Director of Grain Growers Association Limited, Chairman of Nugrain Pty Ltd and President of the Australian Oilseeds Federation.

Allan has over 30 years experience in the agricultural sector with representation on industry bodies at State, national and international levels.

He is a member of the Remuneration Committee.

Ms Jill Monk, B.Arts, B.Laws
Non-Executive Director
Jill holds a Bachelor of Arts, a Bachelor of Laws and a Fellowship of Insurance. She has 27 years experience in company secretarial, commercial legal, business risk and compliance, and human resources, having spent 18 years with CGU Insurance Limited. She 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.

She is a member of the Audit and Risk Committee; and the Remuneration Committee.

Mr Maurice Van Ryn B.Bus
Non-Executive Director
Maurice is Chief Executive Officer of Bega Cheese where he has worked for the past 17 years. He is also Non-Executive Director of So Natural Foods 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 26 years experience in direct management of food companies in the Australian manufacturing sector.

He is the Chairman of the Audit and Risk Committee.

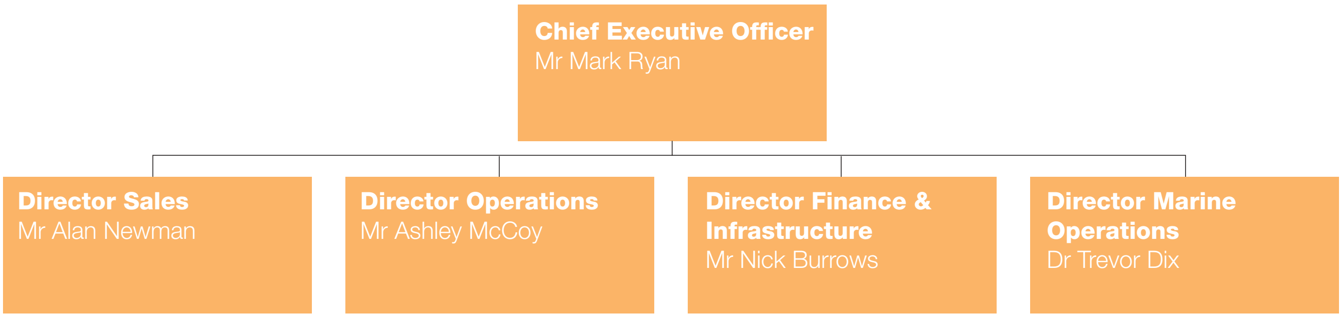
Mr John Watson, MAICD
Non-Executive Director
John is Non-Executive Chairman of Incitec Pivot Limited, Chairman of Primesafe and of the Co-operative Research Centre for Innovative Dairy Products, a Councillor of the Royal Agricultural Society of Victoria and a Member of the Rabo Bank Food and Agribusiness 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 the agricultural industry having served on numerous industry advisory councils, including advisory roles to the Victorian and Commonwealth Governments.

He is a member of the Audit and Risk Committee.

Senior Management Team

Set out below is the proposed senior management structure of the Company, following the acquisition of the Tassal Business.



Mr Mark Ryan

Chief Executive Officer

Age 34

Mark is a specialist in business restructuring, corporate recovery and turnaround management. Mark has extensive experience in strategic consulting on financial and operational management in a number of industries. Mark´s primary role, first with Price Waterhouse then with and Arthur Andersen, and now with KordaMentha, has been to focus on pre-lending reviews, investigating accountant and monitoring assignments for secured lenders. His 14 year career in corporate recovery work has also included postings in the USA, Canada and New Zealand.

Mark together with Mark Mentha were appointed as Receivers and Managers of Tassal Limited and its various operating subsidiaries, over a two month period starting in June 2002. During his time as Receiver and Manager, Mark has put in place a number of initiatives to improve the performance of the business including the integration of Nortas, which was acquired by Tassal during the Receivership.

The Company has entered into an agreement with Korda Mentha Management Services Pty Ltd to secure the services of Mr Ryan for a period of up to 12 months from the date of completion of the acquisition of the Tassal Business. Mr Ryan will resign as Receiver and Manager of Tassal on Completion.

Mr Alan Newman

Director Sales

Age 54

Alan joined Tassal in 1995 as Director of Sales and Marketing and has over 35 years experience in the food industry. Prior to joining Tassal, Alan spent 5 years as Sales and Marketing Director at Players Biscuits Limited and prior to that, 16 years with Unilever, rising to National Sales Manager.

As Director of Sales and Marketing, Alan is responsible for achieving sales and marketing objectives in the retail, wholesale and foodservice channels as well as the export market.

Mr Ashley McCoy

Director Operations

Age 43

Ashley has extensive experience in the agriculture business, having been employed as Factory Operations Manager at both King Island Dairy Pty Ltd and Egg Industry Co-operative Limited (Farm Pride) prior to joining Nortas Pty Ltd in 1997.

In his role as Factory Manager at Nortas, Ashley was responsible for coordinating harvesting, processing and distribution of salmon and trout (including export distribution), as well as liaising with major customers. Ashley was also closely involved with maintaining quality standards and developing and managing Nortas' HACCP accreditation.

Following the acquisition of Nortas, Ashley was initially in charge of the Mornington facility and has more recently been appointed to the position of Director Operations responsible for the management of all value added and wet processing operations of Tassal.

Board of Directors and Senior Management

Mr Nick Burrows,
B.Comm, FCIS, CA, ASIA, CFTP, MAICD
Director Finance & Infrastructure
Age 44
Tasmanian born, Nick joined the Atlantic Salmon industry in February 1988, as Company Secretary of Tasmanian Atlantic Salmon Limited (Tasmas). Prior to that, Nick had spent over 8 years working as a Chartered Accountant.

When Tassal acquired Tasmas in 1990 Nick broadened his role, embracing a spectrum of responsibilities including company secretarial, regulatory compliance, corporate treasury and finance, legal and contract management, corporate taxation, corporate planning and strategy, mergers and acquisitions, information technology, change management, industrial relations and human resources.

As a member of Tassal's senior executive, Nick's experience has encompassed a broad leadership, communication and stakeholder relationship role across all operational divisions of Tassal. Nick has also played an active role in Tassal's continuous improvement program.

Dr Trevor Dix, B.Sc, PhD
Director Marine Operations
Age 58
New Zealand born, Trevor completed his Bachelor of Science (first class honours) and PhD at Canterbury University. After completing a Post Doctoral at James Cook University, he began 12 years leading Fisheries Research in Tasmania. This work culminated in the development of oyster hatchery technology and the introduction, in 1984, of Atlantic Salmon to Tasmania.

Trevor worked in private enterprise in oyster and salmon farming until he joined Tassal in 1990, as part of the merger of Tassal Limited and Tasmanian Atlantic Salmon Limited.

Trevor has developed a strong and experienced marine farming team and has specifically tailored marine information and fish monitoring systems over many years. He has ensured that emphasis on predictable production and environmental sensitivity remains and will continue to remain a fundamental sustainable business imperative. Whilst Trevor's focus has been on the operational management of up to eighteen salmon farms and executive management, he also has had direct involvement in Tassal's processing and distribution channels.

Corporate Governance

Role of the Board

The Board is responsible for the direction and supervision of the Company's business on behalf of Shareholders. This includes ensuring that internal controls and reporting procedures are adequate and effective. The Directors recognise the need to maintain the highest standards of behaviour, ethics and accountability.

The primary functions of the Board include responsibility for:

- formulating and approving the Company's objectives, business plans, annual budgets, and strategic direction, and to agree with management appropriate performance indicators and monitor performance against those indicators;
- ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- selecting, appointing and regularly reviewing the performance of the Chief Executive Officer and reviewing the performance of senior operational management;
- putting in place clearly defined delegation of powers to the Chief Executive Officer to enable him to carry out his responsibilities;
- ensuring significant business risks are identified and appropriately managed;
- selecting external auditors, approving the scope of the external audit, ensuring that proper audit practices are in place and that the Company's accounts comply with all appropriate standards;
- regularly reviewing its own performance, processes and composition;
- establishing and monitoring policies to ensure compliance with legal and regulatory regimes to which the Company is subject; and
- openly and regularly reporting to Shareholders on performance.

To assist in the execution of its responsibilities, the Board will establish a number of Board Committees including an Audit and Risk Committee and a Remuneration Committee. All other functions of the Board will be dealt with by the Board as a whole. However, from time to time, the Board may determine to establish specific purpose sub-committees to deal with specific issues.

Audit and Risk Committee

Audit and Risk Committee meetings will be held periodically throughout the year. It is the policy of the Board that the members of the Committee shall be non-executive Directors, with the majority being independent.

The Committee will comprise at least three members, with at least one member qualified in accounting or finance.

The Chairman of the Company will not be the chairman of the Audit and Risk Committee.

The Chief Executive Officer, Company Secretary, Chief Financial Officer and Auditors may attend the Audit and Risk Committee meetings by invitation.

The main functions of the Audit and Risk Committee will be to:

- assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate and in accordance with all statutory compliance requirements;
- ensure financial information provided to the Board and Shareholders is accurate and reliable;
- review the scope and results of internal, external and compliance audits;
- maintain open lines of communication between the Board and external auditors and the Company's compliance officers;
- review annually the relationship between the external auditor and the Company to ensure auditor independence is maintained;
- review and report to the Board on the annual report and financial statements;
- regularly review its own performance, processes and composition;
- assess the adequacy of the Company's internal controls and make informed decisions regarding compliance policies, practices and disclosures; and
- nominate the external auditors.

Board of Directors and Senior Management

Remuneration Committee

Remuneration Committee meetings will be held periodically throughout the year. It is the policy of the Board that the members of the Committee shall be non-executive Directors.

The Chief Executive Officer may be invited to attend meetings on remuneration matters as required, to discuss senior executives' performance and remuneration packages.

The Remuneration Committee will comprise at least three members and will have the delegated power to obtain comparative remuneration data from the market.

The main functions of the Remuneration Committee will be to:

- review the compensation arrangements for the Chief Executive Officer, other senior executives and the Directors themselves;
- ensure that the Company's remuneration policies and recruitment practices, are consistent with the Company's strategic goals and its human resource initiatives;
- evaluate the performance of the Chief Executive Officer and progress and implement management succession planning;
- review employment contracts, incentive performance packages, employee share plans, superannuation, retirement and termination entitlements, fringe benefit policies, and professional indemnity and liability insurance policies; and
- obtain independent advice on the appropriateness of remuneration packages and Directors' fees.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework. The Company's internal control system is based on procedures, policies and guidelines, and appropriate division of responsibility criteria.

The Board intends to implement a program of internal audit to assist them in ensuring compliance with the Company's internal control systems. The Audit and Risk Committee will be responsible for approving the program of internal audit and for the scope of work to be performed.

Ethical Standards

All Directors, managers and employees are expected to act with integrity and honesty at all times including in their dealings with each other, competitors, customers, suppliers, the Company and the community.

The Company will develop a "Standards of Business Conduct" which will apply to all employees of the organisation and which will set out the standards within which employees are expected to act.

The Board will develop a specific share trading policy applying to Directors, officers and senior management which will identify a "trading window mechanism" allowing trading in the Company's shares for a defined but limited period, and unequivocally subject to their not being in possession of any inside information. The traditional trading windows are after the announcement of the half-yearly and annual results and after the annual general meeting.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant Company information and to the Company senior management and, subject to prior consultation with and approval by the Chairman of the Board, may seek independent professional advice at the Company's expense. A copy of the advice received by the Director is to be made available to all other members of the Board.

Continuous Disclosure

The Company has a policy that all Shareholders and investors have equal access to the Company's information and procedures to ensure all price sensitive information is disclosed to ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. All information provided to ASX will be immediately posted on the Company's website. In addition:

- a comprehensive process will be in place to identify matters that may have a material impact on the price of the Company's Shares and for appropriate notification to be made to ASX; and
- the Company Secretary will be responsible for all communications with ASX.

Communications with Shareholders

The Board of Directors aim to ensure that Shareholders are informed of all major developments affecting the Company in a timely fashion. Information will be communicated in a variety of ways as follows:

- the full Annual Report will be distributed to Shareholders (unless there is a specific request not to do so);
- a half-yearly report containing summarised financial information and a review of operations will be lodged with both ASIC and ASX;
- notices of all Shareholder meetings will be provided to all Shareholders;
- regular updates from the Chairman of the Board will be undertaken; and
- all documents released publicly will be made available on the Company's website.

Environment, Health and Safety

The Board of Directors recognises its influence on, and risks associated with, the environment, health and safety. The Company will continually review its performance in these areas, with a goal of achieving leadership benchmarks for the protection of employees, contractors, the general public, the environment and communities within which the Company operates and interacts.

Section 6 – Business and Investment Risk

In addition to the general risks attaching to any investment in shares, there are a number of sector specific and wider market risks that may affect the future operating and financial performance of the Company and the value of an investment in the Company. Although the Tassal Business has significant experience in salmon farming and has in place risk minimisation procedures, there can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements or forecasts will eventuate. This Section describes certain specific, but not all, risks associated with an investment in the Company.

General Risks

General Economic Conditions

Both Australian and world economic conditions may negatively affect the Company's performance. Any protracted slow down in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may impact the Company's costs and revenue. These changes could adversely affect the Company's operations and earnings. In addition, changes in taxation and other laws, government, fiscal, monetary and regulatory policies, movements in the general level of prices on local and international share markets could also adversely affect the Company's operations.

Investment Returns

The Shares offered pursuant to this Prospectus carry no guarantee with respect to dividends, return of capital or the price at which the Shares may trade in the future. If you are in any doubt as to whether you should invest in the Company you should seek advice from your accountant or financial adviser.

Completion Risk

The acquisition of the Tassal Business in accordance with the Business Sale and Purchase Deed (details of the this Deed are set out in Section 8) is subject to the satisfaction of certain conditions precedent to be satisfied prior to completion of the sale. If the conditions are not satisfied, it is not the Company's current intention to proceed to acquire the Tassal Business. If the Tassal Business is not acquired by the Company all Application Monies will be refunded (without interest).

Company Risks

Threats to the health and safety of live finfish stock

The Tassal Business is currently free of specific diseases (such as Infectious Salmon Anaemia (ISA) and Bacterial Kidney Disease (BKD)) known to cause significant losses in salmon farms in other parts of the world. If these diseases were to be imported into Australia, and they affect Tassal's finfish stocks, then they could have a material adverse impact on the Company's business, financial condition and results of operations.

Tassal's Salmonid farming operations are subject to the activities of a range of natural predators, pests, and parasites such as the Australian fur seal, stinging jellyfish, and gill-infesting amoeba, the loss of fish during pen movements, as well as potential deficiencies in feed nutritional levels causing such defects as cataracts. Some losses to these causes are inevitable, but above normal stock mortality, or loss of growth, as a result of such activities or contact could have a material adverse impact on the Company's business, financial condition and results of operations.

The Tassal Business currently has in place insurance arrangements which provide a level of cover to mitigate certain financial losses arising from these events.

Seasonal and environmental conditions

As an agribusiness primary producer (predominantly water-based), the Company will have exposure to a number of natural events such as floods, storms, fire, and also exposure to adverse movements in specific marine environmental factors such as water temperatures, algal concentrations, dissolved oxygen and salinity levels, many of which are beyond its control.

In addition, the Tassal Business requires access to fresh water resources as part of day to day fish husbandry risk management practices, the availability of which is also subject to climatic variability. Tassal however, has undertaken a series of specific actions to maximise its access to fresh water storage through the construction of dams, the development of pumping infrastructure from surrounding streams and the implementation of water storage access arrangements with relevant land owners adjoining Tassal's sites.

Adverse environmental conditions, for example uncharacteristically high water temperatures, can negatively impact finfish stock survival, restrict finfish growth and increase Feed Conversion Ratios. Tassal has a range of options to mitigate risks in these circumstances. Nonetheless, they can significantly impact cash flows, financial condition and results of operations in a particular financial period if there are consequent delays in, or reduction of, harvested finfish stock tonnages.

Disruption to supply of Smolt and Fingerlings

Tassal purchases in excess of 95% of its Atlantic Salmon Smolt from Saltas and the Russell Falls hatchery. All Fingerlings are sourced from the hatchery at Russell Falls. Saltas is the dominant supplier of Smolt to the Tasmanian salmon industry. Tassal also operates a hatchery at Russell Falls, producing Smolt and Fingerlings. A material disruption to the supply/delivery of Smolt or Fingerlings from either Saltas or the Russell Falls hatchery (coupled with an inability to secure alternative Smolt supply could have a material adverse impact on the Company's business, financial condition and results of operations.

Adverse movements in feed prices and disruption to supply

Approximately 45% of Tassal's marine-based costs of growing Atlantic Salmon are represented by the cost of feed. Feed costs are primarily a function of the cost of production of suitable fish meal and fish oil and the United States Dollar (USD) exchange rate. Tassal currently purchases all of its fish feed requirements from Skretting. The following could have a material adverse impact on the Company's business, financial condition and results of operations:

- material movements in the USD exchange rate;
- material disruption in the supply of fish meal and fish oil; and
- material disruption in the supply of feed to Tassal by Skretting, and Tassal being unable to source alternate supply on similar terms or at all.

Tassal currently has in place a three year feed supply agreement with Skretting.

Business and Investment Risk

Third party Atlantic Salmon agistment contract

Tassal receives some Atlantic Salmon under contract from VDA, a third party Tasmanian based Atlantic Salmon supplier. A material disruption to, or loss of, this supply of Atlantic Salmon may have a material impact on the Company's business, financial condition and operations. The supply agreement is not a long-term contract and is extended or re-negotiated in accordance with the terms of the agreement.

Atlantic Salmon and trout prices and competition

The financial performance of Tassal is influenced by variations in the domestic and international prices paid for the salmon and trout produced by Tassal.

Although Tassal is a quality Salmonid producer with a well established distribution network, major factors that can influence demand and supply in the Salmonid market and, therefore, the price of Salmonid include:

- an increase in supply of Atlantic Salmon and trout from either domestic or offshore competitors, or increased competition from alternative fish species and food sources;
- the level of world salmon production relative to consumption requirements;
- the rate of world economic development, and in particular, economic growth in Asian (principally Japan), North and South American and Northern European countries;
- changes in AQIS import restrictions; and
- movements in exchange rate relativities between the currencies of the major salmon export and import countries.

A significant reduction in salmon prices could have a material adverse impact on the Company's financial condition and results of operations.

Customer retention

Tassal's general wholesale market practice is for purchasers of Atlantic Salmon and trout to negotiate via short-term supply contracts or agreements, either directly with the supplier or via an open market. Consequently, there is no guarantee that future transactions can be negotiated on terms and prices similar to Tassal's current terms and prices.

Dependence upon key personnel

Tassal's future success is reliant upon its key management personnel. The loss of the services of certain personnel could have an adverse effect on Tassal, as the Company may not be able to recruit replacements for the key personnel within a short timeframe.

Environmental regulations

National and local environmental laws and regulations affect nearly all of Tassal's operations. These laws and regulations set various standards governing certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards.

Notwithstanding that Tassal has environmental monitoring protocols in place, significant liability could be imposed on Tassal for damages or penalties for non-compliance by Tassal with environmental laws or regulations.

Risks associated with the acquisition of Nortas

Tassal acquired the business of Nortas in February 2003. This acquisition was undertaken to capture significant synergy benefits and achieve risk mitigation.

Although many of the operational risks associated with the integration of Nortas have been addressed, it may take a period of time to completely realise the full benefit of such an acquisition. Moreover, during the early period following such a transaction, the operating results of an acquired business may not achieve the benefits intially anticipated.

Sale of Goods

The Company has the usual contractual and common law risks associated with the sale of goods including normal industry warranties provided to its customers.
In addition, the Company's performance may be impacted by general changes in the quantity or patterns of consumption of salmon and related products.

Underwriting Agreement

The Offer is underwritten by the Underwriter. Investors should be aware of the terms of the Underwriting Agreement discussed in Section 8, which includes certain termination events that may not be in the control of the Company.

Insurance Risk

In order to mitigate a number of risks in relation to the Tassal Business, the Company will take out appropriate insurance policies. The effectiveness of this mitigation will depend on whether such insurance remains available on commercially reasonable terms.

Section 7 - Financial Reports

Deloitte Touche Tohmatsu
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Deloitte Touche Tohmatsu

7 October 2003

The Directors
Tassal Group Limited
Level 20, 101 Collins St
Melbourne VIC 3000

Dear Sirs

Independent Accountants' Report on Proforma Historical Financial Information

Introduction

This Independent Accountants' Report on the proforma historical financial information of Tassal Limited ("the Tassal Business") has been prepared for inclusion in a Prospectus in relation to an offer to the public for Shares in Tassal Group Limited ("the Company") to be dated on or around 8 October 2003.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus in which this report appears.

Background

The Company was incorporated on 5 September 2003 in the name of Natamy Limited and changed its name to Tassal Group Limited on 23 September 2003.

The Company was incorporated for the primary purpose of acquiring the Tassal Business through its wholly owned subsidiary, Tassal Operations Pty Limited ("Tassal Operations"), under a Sale and Purchase Deed dated on or around 7 October 2003 between the Company, Tassal Limited (Receivers and Managers Appointed), certain of its subsidiaries for which Receivers and Managers have also been appointed, the Receivers to Tassal Limited and those subsidiary companies and Tassal Operations. Tassal Operations was incorporated on 19 September 2003 in that name for the purpose of the acquisition.

Since incorporation, the Company and Tassal Operations have not traded. At incorporation the Company issued 1,000 shares for the sum of $1,000. On 24 September 2003 the Company issued 308 shares for the sum of $308. On 2 October 2003 the Company undertook a share split to have on issue 17 million ordinary shares.

Mr Mark Mentha and Mr Mark Ryan (both partners of KordaMentha) were appointed as Receivers and Managers to Tassal Limited and certain of its subsidiaries commencing in June 2002. In February 2003, the Receivers and Managers acquired the business of Nortas Pty Ltd ("Nortas").

The proforma historical financial information contained in this Report reflects the unaudited historical trading performance of the Tassal Business, including the business of Nortas, for the 4 years ended 30 June 2003 and the unaudited proforma balance sheet of the Company as at 30 June 2003 as if the acquisition of the Tassal Business and the capital raising set out in this Prospectus had occurred at that date. It has been presented on a basis which is considered to be the most relevant to potential investors.

The proforma historical financial information for the four years ended 30 June 2003 reflects the following:

- The combined operating results from the unaudited management accounts of the Tassal Business (excluding Tassal Japan Limited) and Nortas for each of the Financial Years 2000, 2001 and 2002; and
- For the Financial Year 2003, the combined operating results of Tassal and Nortas for the period from 1 July 2002 to 14 February 2003 together with the operating performance of Tassal (including Nortas) for the period from 15 February 2003 to 30 June 2003.

Scope

You have requested Deloitte Touche Tohmatsu to prepare a report covering the following information:

(a) The proforma historical financial performance of the Tassal Business prior to the acquisition by the Company for the four years ended 30 June 2003; and

(b) The proforma Statement of Financial Position as at 30 June 2003 of the Company, which assumes completion of the transaction and the capital raising contemplated in the Prospectus.

Review of Proforma Historical Financial Information

The proforma historical financial information set out in the annexure to this Report has been extracted from the unaudited management accounts of the Tassal Business and Nortas. The unaudited proforma historical financial position has been compiled on the basis of the assumptions as set out in the annexure to this Report. The Directors are responsible for the preparation of the proforma historical financial information, including the determination of the adjustments. We have not performed an audit of the proforma historical financial information and, accordingly, we do not express an audit opinion on them.

We have conducted a review of the proforma historical financial information set out in the attached annexure in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports”. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- Analytical procedures applied to the financial performance of the Tassal Business and Nortas for the relevant historical period;

- Review of work papers, accounting records and other documents;

- A review of the assumptions used to compile the proforma statement of financial position;

- A review of adjustments made to the proforma historical financial information;

- A comparison of consistency in the application and recognition and measurement principles in accounting standards and other mandatory principles and other mandatory professional reporting requirements and the accounting policies adopted by the Tassal Business and Nortas disclosed in the annexure to this Report; and

- Interviews and enquiries from the Tassal Business management, the Directors of the Company, the Receivers and Managers to Tassal Limited and other advisors.

The historical proforma financial information has been prepared to satisfy the information needs of potential investors. We disclaim any assumption of responsibility for any reliance on this review report or on the financial statements to which it relates to any person other than the Directors, or for any purpose other than that for which it was prepared.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the proforma historical financial information as set out in the annexure to this Report does not present fairly the proforma historical financial performance of the Tassal Business and Nortas for the four years ended 30 June 2003; and

- the proforma Statement of Financial Position at 30 June 2003 has not been properly prepared on the basis of the proforma transactions

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements, and the accounting policies adopted by the Company described in the annexure to this Report.

Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary course of business of the Company have come to our attention that would require comment on, or adjustment to, the information in our Report or that would cause such information to be misleading or deceptive.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

J C BRANT
PARTNER
Melbourne

Annexure

Summary of Proforma Historical Financial Performance

	Unaudited Proforma Historical			
	Year ended 30 June	Year ended 30 June	Year ended 30 June	Year ended 30 June
$million	2000	2001	2002	2003
Operating Revenue (net of rebates)	87.0	88.8	91.9	94.1
Revenue (SGARA adjustment)		41.0	33.4	35.9
Total revenue	**87.0**	**129.8**	**125.3**	**130.0**
Cost of sales	(62.7)	(71.7)	(86.1)	(81.6)
Cost of sales (SGARA adjustment)		(37.2)	(35.5)	(35.1)
Total cost of sales	**(62.7)**	**(108.9)**	**(121.6)**	**(116.7)**
Contribution margin (other products)	0.4	0.6	0.7	0.5
Total Gross margin	**24.7**	**21.5**	**4.4**	**13.8**
Operating expenses	(8.6)	(8.3)	(8.8)	(7.2)
EBITDA	**16.1**	**13.2**	**(4.4)**	**6.6**
Depreciation & Amortisation	(3.1)	(3.5)	(3.9)	(5.0)
EBIT	**13.0**	**9.7**	**(8.3)**	**1.6**

The proforma historical financial performance reflects the unaudited management accounts of Tassal and Nortas adjusted to eliminate transactions which will not be a continuing part of the business, to exclude non-recurring items, to exclude the results of the businesses not forming part of the transaction, to restate the impact of various provisions raised by the Receivers and Managers immediately following their appointment and to ensure consistency of accounting policies throughout the relevant historical periods.

No synergy benefits that might have arisen from the combination of Tassal and Nortas have been reflected in the proforma historical statement of financial performance other than those benefits that have actually occurred since 14 February 2003. No adjustments have been made to the proforma historical results to reflect public company costs for the Company.

Set out below is a summary of the main adjustments made:

- The unaudited management accounts of the Tassal Business and Nortas were not prepared in accordance with Australian Accounting Standard AASB 1037 "Self-Generating and Regenerating Assets" ("SGARA"). Adjustments have been made to historical revenue and cost of goods sold to reflect the requirements of SGARA to value the self-generating inventory at net market value. The operative date of this Standard applies to financial years ending after 30 June 2000. Therefore, no adjustments have been made to the financial year ended 30 June 2000.

- Following their appointment as Receivers and Managers, KordaMentha wrote down the value of inventory and non current assets. The inventory writedowns had the effect of increasing cost of goods sold ("COGS") in FY2002 and showing a lower than normal COGS in FY2003. This effect has been normalised to more accurately estimate the FY2002 and FY2003 COGS of the Tassal Business. A portion of the inventory writedowns relating to one-off events that were originally recorded in FY2002 COGS has been reclassified to below the proforma FY2003 EBIT line to better reflect the normalised proforma trading results of the Tassal Business.

- The proforma adjustments made to Tassal's COGS also included an entry to normalise the Company's policy in relation to the recognition of inventory writedowns over the four years ended 30 June 2003.
- The proforma historical results exclude the contribution margin from the sale by Tassal Japan Limited ("TJL") of third-party products as TJL is excluded under the Business Sale and Purchase Deed and this business activity will not be continued. The proforma historical results include salmon exports to Japan and their associated margins. A proforma adjustment was made to reduce that proportion of TJL's overheads incurred as part of the third party sales that will be discontinued.
- A number of operating cost adjustments have been made to Tassal's historical trading performance including corrections to the provision for stock obsolescence and corrections to the carrying value of certain accounts in order to comply with Australian Accounting Standards.
- Depreciation expense has been recalculated to take into account the impact of the June 2002 writedown in fixed assets by Tassal's Receivers and Managers. Prior year deprecation has been adjusted to assume that the writedown was performed prior to FY2000. A proforma adjustment has also been raised to align the depreciation rates of Tassal Limited and Nortas.
- Costs relating to KordaMentha as Receivers and Managers of Tassal Limited are reported below the EBIT line within the historical unaudited management accounts and as such are excluded from the proforma historical financial performance of the Tassal Business.

Proforma Statement of Financial Position as at 30 June 2003

$million	Proforma Net Assets to be Acquired	Capital Raising & Acquisition Costs	Assets / Liabilities to be aquired pre DOA*	Post Acquisition Adjustments	Proforma Net Assets post DOA*
NOTES	2a	2b	2c	2d	
Current Assets					
Cash		0.8	0.8		0.8
Receivables	12.1		12.1		12.1
Inventories	37.0		37.0	(2.5)	34.5
Other	0.2		0.2		0.2
Total Current Assets	**49.3**	**0.8**	**50.1**	**(2.5)**	**47.6**
Non-Current Assets					
Investment	4.5		4.5	(1.0)	3.5
Property, Plant & Equipment	23.5		23.5	(5.0)	18.5
Discount on acquisition		(13.9)	(13.9)	13.9	
Total Non-Current Assets	**28.0**	**(13.9)**	**14.1**	**7.9**	**22.0**
Total Assets	**77.3**	**(13.1)**	**64.2**	**5.4**	**69.6**
Current Liabilities					
Payables	14.9		14.9		14.9
Provisions	1.8		1.8		1.8
Borrowings	0.6	8.0	8.6		8.6
Total Current Liabilities	**17.3**	**8.0**	**25.3**		**25.3**
Non-Current Liabilities					
Provisions	0.6		0.6		0.6
Borrowings	1.0	7.0	8.0		8.0
Total Non-Current Liabilities	**1.6**	**7.0**	**8.6**		**8.6**
Total Liabilities	**18.9**	**15.0**	**33.9**		**33.9**
Net Assets	**58.4**	**(28.1)**	**30.3**	**5.4**	**35.7**
Equity					
Issued Capital			30.3		30.3
Profit / (Loss)				5.4	5.4
Total Equity			**30.3**	**5.4**	**35.7**

* Discount on Acquisition

1. Summary of Significant Accounting Policies

The historical proforma financial information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other professional reporting requirements. The disclosure requirements have been complied with to the extent considered relevant.

The following specific accounting policies have been applied by the Company in deriving the Proforma Historical Statements of Financial Performance for each of the Financial Years 2000, 2001, 2002 and 2003 as well as the Proforma Statement of Financial Position as at 30 June 2003.

Inventory Valuation

Processed finfish, other processed seafood, and stocks of feed, store and packaging

Processed finfish, other processed seafood, and stocks of feed, stores and packaging are valued at the lower of cost and net realisable value. Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

Costs are assigned to processed finfish and other processed seafood on a first in first out basis. Costs include raw materials, labour and an appropriate proportion of fixed and variable overheads.

Costs are assigned to stocks of feed, stores and packaging on a first in first out basis.

Live finfish stocks

Live finfish stock is valued at net market value, determined as the proceeds expected to be received from the sale of processed finfish stock, based on market prices derived in active and liquid markets, after deducting harvesting, value adding, and selling costs.

As an entity with Self-Generating and Regenerating Assets (SGARA), the Company is required to adopt AASB 1037. SGARA became compulsory to adopt from 1 July 2000 and applies to a variety of industries including the salmonid industry. SGARA requires that the Company's live finfish stock be valued at market value, net of selling costs. Market value of the live finfish stock is determined by reference to the number and weight of finfish on hand, and price per kg (as applicable).

Fish losses that occur during the normal course of business are charged to the trading results of the Company over the remaining period of the corresponding Year Class of finfish.

Recoverable Amount of Non-Current Assets Valued on a Cost Basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at each balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the Proforma Statements of Financial Performance in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value.

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 Company. Estimates of remaining useful lives are made on an ongoing basis for all assets. The expected useful lives are as follows:

- Buildings: 25 years
- Plant and equipment: 2 – 16 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.

Investments

For the purposes of presenting the Proforma Historical Statements of Financial Performance and Proforma Statement of Financial Position, the Company's investment in Saltas has not been equity-accounted. For the purposes of the Proforma Statement of Financial Position, the carrying value of the investment in Saltas, before the application of the expected discount on acquisition, is the estimated market value of the shares.

Employee Entitlements

The provisions for annual leave and long service leave have been calculated in accordance with AASB 1028 "Employee Entitlements" and represent the amount which the Company has a present obligation to pay resulting from the employees' service period provided up to the balance date.

The provision for annual leave has been calculated at undiscounted amounts based on current wage and salary rates and includes associated on-costs. The provision for long service leave has been determined on the basis of the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service period up to the balance date. Consideration has been given to future increases in wage and salary rates and historical experience with regard to staff departures. Related on-costs have been factored into the provision.

Revenue Recognition

Revenue is recognised at fair value of the consideration receivable net of goods and services tax (GST). Exchanges of goods and services of the same nature and value without any cash consideration are not recognised as revenue.

In accordance with AASB 1037 "Self-Generating and Regenerating Assets", revenue from the Company's operations for a given period represents the change in value of live finfish stock arising from increased fish numbers on hand, the weight gain of live finfish stocks relative to designated market size thresholds, and market price movements applied to the weight of live finfish stock which is above the designated market size thresholds, during the period. Revenue calculated in accordance with SGARA does not equate to actual sales. Revenue under SGARA is intended to bring to account the full impact of any increase or decrease in market value over the year, whether or not that increase or decrease in market value is realised via sale. In a given Financial Year, the Company's finfish stocks generally consist of a principal "harvest" group of live finfish stock from which the majority of that Financial Year's income is derived, and a "nursery" Year Class which is stocked for sale predominantly in the next Financial Year.

Discount on Acquisition

In accordance with Australian Accounting Standard AASB 1013 "Accounting for Goodwill" the discount on acquisition arising from the purchase of the Tassal business has been proportionately allocated to the fair values of the non-monetary assets (inventory, fixed assets and investments) acquired.

2. Notes to Proforma Statement of Financial Position as at 30 June 2003

2a. Proforma Net Assets to be Acquired

In order to derive the proforma net assets to be acquired as at 30 June 2003, the Tassal (including Nortas) financial position as at 30 June 2003 has been adjusted to reflect those assets and liabilities that are not being acquired in accordance with the terms of the Business Sale and Purchase Deed dated on or around 7 October 2003 and the requirements of SGARA to value self-generating inventory at net market value.

No adjustment has been made to reflect the trading results of the Tassal Business since 30 June 2003.

2b. Capital Raising and Acquired Costs

A. Cash

The movement in the cash balance reflects the capital raising and the new borrowings by the Company in addition to the cash cost of the acquisition.

($ million)		As at 30 June 2003 Proforma
Initial Deposit	1.0	
Offer Shares	31.0	
Bank Borrowings	15.0	47.0
Cash Cost of Acquisition	43.2	
Total Acquisition and IPO Cash Costs	3.0	46.2
Net Cash		0.8

B. Discount on Acquisition

The discount arising on acquisition is calculated as follows:

($ million)		As at 30 June 2003 Proforma
Net Assets Acquired		58.4
Purchase Price		
Cash	43.2	
Acquisition Costs	1.3	44.5
Discount on Acquisition		13.9

For the purposes of calculating the discount on acquisition it has been assumed that the fair value of the net assets acquired is equivalent to their book value. The fair value of these net assets will need to be assessed at the date of acquisition. To the extent that the fair value of the net assets acquired is higher or lower, the above discount on acquisition may change.

C. Debt Funding

As part of the acquisition, debt funding arrangements have been negotiated. These are reflected in the proforma Statement of Financial Position, which include a three-year interest only commercial bill facility of $7 million and a working capital facility (of which $8 million is reflected in the proforma Statement of Financial Position).

2c. Share Capital

The movement in Share Capital is summarised below:

	Note	No. of shares	$ million
			As at 30 June 2003
Initial share capital subscribed by Mariner Corporate Finance		1,000	-
Issued to Financiers		308	-
Share Split	(a)	16,998,692	-
Lodge Corporate Services Pty Ltd, or nominee	(b)	1,000,000	0.5
Financier Shares	(c)	2,000,000	1.0
Offer Shares	(d)	62,000,000	31.0
Total		82,000,000	32.5
Cost of Issue	(e)		(2.2)
Issued Capital			30.3

(a) the splitting of the share capital of the Company from 1,308 shares into 17,000,000 shares;
(b) the issue of 1,000,000 shares to Lodge Corporate Services Pty Ltd (or nominee);
(c) the issue of 2,000,000 shares to Financiers;
(d) the issue of 62,000,000 shares as a result of this Offer; and
(e) the payment of the expenses of the Offer, estimated to be $1.7 million in cash and $0.5 million in shares. These expenses have been offset against the proceeds of the Offer.

2d. Post Acquisition Adjustments

The discount on acquisition has been applied to non-monetary assets on a pro rata basis in accordance with AASB 1013: "Accounting for Goodwill". Following the application of the discount on acquisition, the revaluation back to market value of live finfish component of inventory, in accordance with AASB 1037 "Self-Generating and Regenerating Assets" gives rise to the retained profit of $5.4 million.

3. Other Notes to Proforma Net Assets Post Discount on Acquisition (DOA) at 30 June 2003

Inventories				As at 30 June 2003
($ million)	Pre DOA	DOA	SGARA Restatement	Proforma
Finfish	26.9	(5.8)	3.9	25.0
SGARA	4.5	(1.0)	0.7	4.2
Finished goods and work in progress	3.7	(0.8)	0.5	3.4
Packaging and other	1.9	(0.3)	0.3	1.9
	37.0	(7.9)	5.4	34.5

Property, Plant and Equipment				As at 30 June 2003
($ million)	Cost	Accumulated Depreciation	Discount on Acquisition	Proforma
Land & Buildings	9.3	(0.4)	(1.3)	7.6
Plant & Equipment	7.3	(1.3)	(0.9)	5.1
Nets, Pens & Moorings	14.1	(8.9)	(1.8)	3.4
Boats and Motors	4.2	(2.1)	(0.5)	1.6
Other	3.9	(2.6)	(0.5)	0.8
	38.8	(15.3)	(5.0)	18.5

Payables	As at 30 June 2003
	Proforma
($ million)	
Current	
Trade Creditors	12.3
Other Payables	2.6
	14.9

Borrowings	As at 30 June 2003
	Proforma
($ million)	
Current	
Working Capital Loan	8.0
Asset Purchase Loan	0.6
	8.6
Non-Current	
Bank Loan	7.0
Asset Purchase Loan	1.0
	8.0

Provisions	As at 30 June 2003
	Proforma
($ million)	
Current	
Employee Entitlements	1.8
Non-Current	
Employee Entitlements	0.6

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Deloitte
Touche
Tohmatsu

7 October 2003

The Directors
Tassal Group Limited
Level 20, 101 Collins Street
Melbourne VIC 3000

Dear Sirs

Review of Directors' Financial Forecasts

Introduction

This report has been prepared for inclusion in a Prospectus relating to an offer to the public for shares in Tassal Group Limited ("the Company") to be dated on or around 8 October 2003. Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate dealer's licence for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus in which this report appears.

The Directors are solely responsible for the preparation and presentation of the proforma financial forecasts of the Company for the year ending 30 June 2004 and the seven months ending 30 June 2004 as set out in Section 4 of the Prospectus ("the Forecasts") and the information contained therein, including the assumptions on which they are based.

Scope of Report

This report has been prepared having regard to the guidance set out in AGS 1062 "Reporting in Connection with Proposed Fundraisings", PS 170 "Prospective Financial Information" and AUS 804 "The Audit of Prospective Financial Information".

We have reviewed the Forecasts together with the assumptions on which the Forecasts are based as set out in Section 4 of the Prospectus in order to give a statement thereon to the Directors of the Company.

Our review of the Forecasts has been conducted in accordance with AUS 902 "Review of Financial Reports" applicable to review engagements. Our review consisted primarily of enquiry, comparison, and analytical review procedures including discussions with the Receivers and Managers and the management of Tassal Limited (Receivers and Managers Appointed), the Directors of the Company and the financial advisors to the Company (Mariner Corporate Finance Pty Limited) of the factors considered in determining their assumptions. Our procedures included examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecasts and the evaluation of accounting policies used in the Forecasts.

These procedures have been undertaken in order to state whether anything has come to our attention, which causes us to believe that:

i) the Directors' best-estimate assumptions do not provide reasonable grounds for the preparation of the Forecasts;
ii) in all material respects, the Forecasts are not properly compiled on the basis of the Directors' best-estimate assumptions, consistent with the accounting policies adopted and used by the Company and in accordance with applicable Australian Accounting Standards and mandatory professional reporting requirements; and
iii) the Directors' Forecasts are not based on reasonable grounds.

Our review is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards and provides less assurance than an audit. In addition, prospective financial information, such as the Forecasts, relates to events and actions that have not yet occurred and may not occur. While evidence may be available to support the assumptions on which the Forecasts are based, those assumptions are generally future-orientated and therefore speculative in nature. Accordingly, actual financial performance may vary from the prospective financial information presented in the Prospectus and such variations may be material.

Directors' Financial Forecasts

The Forecasts have been based on the financial forecast for the Tassal Business on a before acquisition basis for the year ending 30 June 2004 prepared by the Receivers and Managers and the management of Tassal Limited (Receivers and Managers Appointed). The forecast for the Tassal Business for the year ending 30 June 2004 has been revised by the Company's financial advisers and, where appropriate, adjusted to reflect the proposed acquisition and in particular the costs of running a listed company and reflecting the planned capital structure of the Company. Further, a Forecast for the seven months ending 30 June 2004 has been prepared to reflect the forecast trading results of Tassal Group Limited from the anticipated listing date of 1 December 2003.

The Forecasts have been adopted by the Directors in order to provide prospective investors with a guide to the potential proforma financial performance of the Company for the year ending 30 June 2004 and the seven months ending 30 June 2004. There is a considerable degree of subjective judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties and contingencies which are often outside the control of the Company. The Directors' Forecast have been prepared using assumptions summarised in the Prospectus which are based on best-estimate assumptions relating to future events that management, of the Tassal Business, expect to occur and actions that management expect to take.

The sensitivity analysis set out in Section 4 of the Prospectus demonstrates the impact on the Company's forecast financial performance of changes in key assumptions. The prospective financial information is therefore only indicative of the financial performance which may be achievable.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information.

Statement

Based on our review of the Forecasts, nothing has come to our attention which causes us to believe that:

i) the Directors' best-estimate assumptions, as set out in the Prospectus, do not provide reasonable grounds for the preparation of the Forecasts;
ii) the Forecasts are not properly compiled on the basis of the Directors' best-estimate assumptions, consistent with the accounting policies adopted and used by the Company and in accordance with applicable Australian Accounting Standards and mandatory professional reporting requirements; and
iii) the Directors' Forecasts are not based on reasonable grounds.

Actual financial performance is likely to be different from the Forecasts since anticipated events frequently do not occur as expected and the variations may be material. Accordingly, we express no opinion as to whether the Forecasts will be achieved. We disclaim any responsibility for any reliance on this statement or on the Forecasts to which it relates for any other purpose than that for which it was prepared.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED

Stephen R Lomas.

Stephen Lomas
Director

Section 8 – Additional Information

Company Constitution

Constitution

The Constitution of the Company is in a form common to listed companies in Australia and includes provisions to the following effect:

Meetings of Shareholders
Subject to any restrictions imposed by the Constitution, the Corporations Act and the ASX Listing Rules, each shareholder is entitled to receive notice of, attend and vote at meetings of the shareholders of the Company.

Voting at a Meeting of Shareholders
Subject to any restrictions imposed by the Constitution, the Corporations Act and the ASX Listing Rules, every shareholder present in person at a meeting of the shareholders of the Company or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Share held. In the case of an equality of votes, the Chairperson of the meeting has, subject to the ASX Listing Rules and the Corporations Act, a second or casting vote.

Dividends
The profits of the Company which the Directors from time to time determine to distribute by way of dividends are payable on all fully paid Shares. If the Shares are partly paid, the dividend will be payable in proportion to the amount paid up on those Shares.

Transfer of Shares
The Directors may decline to register a transfer of Shares where the Company has a lien or if the Company is permitted to do so under the ASX Listing Rules. The Directors must decline to register a transfer of Shares when required by a court order or by the ASX Listing Rules. If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for the refusal.

Issue of Further Shares
Subject to any restriction imposed by the Constitution, the ASX Listing Rules and the Corporations Act, the Directors may allot, issue, grant options in respect of, or otherwise dispose of, further Shares on such terms and conditions as they see fit.

Winding Up
If the Company is wound up, shareholders, subject to any special or preferential rights attaching to any class of shares, will be entitled to participate in any surplus in proportion to the amount paid up on their shares when the winding up beings.

Share Buy-Backs
Subject to the provisions of the Corporations Act and the ASX Listing Rules, the Company may buy back its shares on terms and at times determined from time to time by the Directors.

Rights and Liabilities Attaching to Shares
Shares issued pursuant to this Prospectus will be fully paid ordinary shares in the capital of the Company, ranking pari passu with all other Shares currently on issue. The rights and liabilities attaching to Shares are set out in the Constitution and are also regulated by the Corporations Act and the ASX Listing Rules. The principal right and liabilities are summarised in this section.

Additional Information

Material Contracts
Various contracts entered into by the Company may be material to the Offer or the operation of the Tassal Business. The Directors of the Company consider the material contracts summarised below as contracts which an investor and their professional advisors would reasonably require and reasonably expect to find in the Prospectus for the purposes of making an informed assessment of the Offer.

1. Underwriting Agreement
Pursuant to an Underwriting Agreement dated 7 October 2003 (Underwriting Agreement) between the Company and Lodge Partners Pty Ltd, the Underwriter has agreed to underwrite the Shares issued pursuant to this Prospectus. The Company has given certain undertakings and warranties under the Underwriting Agreement in terms customarily found in underwriting agreements.

The Underwriter will receive underwriting and management fees totalling $1,172,000 from the Company, representing 3.78% of the amount of the total funds to be raised by the Offer (not inclusive of GST). The Underwriter will be reimbursed by the Company from the proceeds of the Offer for all costs, expenses and outgoings reasonably incurred by the Underwriter in connection with the Offer including all reasonable marketing and promotional expenditure. Also refer to Interests of experts and advisers later in this section regarding the Underwriter's entitlement to receive 1,000,000 Shares in the Company.

The obligation of the Underwriter to underwrite the Offer ceases on the first to occur of:
- lodgement with the Company of valid applications for the full number of underwritten shares;
- in the event of a shortfall, the Underwriter lodging or causing to be lodged with the Company, applications for those Shares comprising the shortfall; or
- the Underwriter terminating its obligations under the Underwriting Agreement.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement without liability if any of the usual terminating events occur in relation to an agreement of this type before the Shares are allotted under the Offer. These events are:
- the Company failing to lodge the Prospectus, or any necessary supplementary or replacement prospectus, with ASIC;
- ASX refusing or withdrawing the approval for quotation (being the admittance of the Company to the official list and the granting of official quotation of all the issued Shares of the Company, other than any Shares which the ASX determines are restricted securities under the ASX Listing Rules);
- any of the events in sections 652C(1) and (2) of the Corporations Act occurring in relation to the Company (as the target), other than in relation to the issue of the Shares, such that the event has a material adverse effect on the financial position or prospects of the Company;
- the Company committing any material breach of the terms or conditions of the Underwriting Agreement and not remedying the breach within 5 business days of being given notice of any such breach by the Underwriter, and this breach having a material adverse effect on the financial position or prospects of the Company;
- the All Ordinaries Index of ASX is at the close of trading for 5 consecutive business days at a level which is 10% or more below the level at close of trading on ASX on the day immediately before the date of the Underwriting Agreement;
- the Dow Jones Industrial Index is at the close of trading for 5 consecutive business days at a level which is 10% or more below the level at close of trading on the Dow Jones Industrial Index on the day immediately before the date of the Underwriting Agreement;
- the introduction of legislation into the Parliament of the Commonwealth of Australia or any of the legislatures of the States or Territories of Australia (other than a law or regulation which was officially announced before the date of the Underwriting Agreement) which would have a material adverse effect on the financial position or prospects of the Company;

- there being a statement in the Prospectus which is false or misleading in a materially adverse manner or there being a material omission from the Prospectus;
- ASIC issuing a stop order or notice of intention to hold a hearing in relation to the Prospectus or any supplementary or replacement prospectus relating to the Prospectus, in accordance with section 739 of the Corporations Act, and it not being dismissed or withdrawn by the closing date;
- ASIC applying for an order which will require the Company to disclose information or to publish advertisements, pursuant to section 1324B of the Corporations Act in relation to the Prospectus and that order not being dismissed or withdrawn before the closing date; or
- any person (except the Underwriter) who has consented to the issue of the Prospectus withdraws his or her consent.

If the amount underwritten is not fully subscribed for on or before the closing date and the Underwriting Agreement has not been terminated, the Company must notify the Underwriter in writing of the shortfall within three business days after the closing date. The Underwriter must then, within five business days after the closing date, lodge or cause to be lodged with the Company valid applications for the full number of Shares in the Company as will make up for the shortfall between the number of Shares underwritten by the Underwriter and the number of Shares for which valid applications have been made by the closing date.

The Company indemnifies the Underwriter and its related bodies corporate and their directors, employees and agents (the Indemnified Parties) against each claim, judgment, damage, loss, expense (including without limitation, all reasonable legal costs and disbursements of lawyers) or liability incurred or suffered by or brought or made or recovered against the Indemnified Parties in connection with or resulting from:

- any misleading or deceptive statement in or any omission from the Prospectus of the material required by the Corporations Act to be included;
- any misleading or deceptive statement in or any omission from any announcement, advertisement or publicity in relation to the Prospectus or the Offer made or distributed by the Company or, made or distributed by the Underwriter with the consent or knowledge of the Company;
- any non-compliance by the Company with the Corporations Act, the ASX Listing Rules or any other legal obligation in relation to the Offer or the Prospectus.

The indemnity does not extend to any claim, judgment, damage, loss, expense or liability resulting from:

- any criminal penalty or fine for any contravention of any law to which the Indemnified Parties become liable by reason of their act or omission;
- any fraud or negligent act or omission or wilful misconduct of the Indemnified Parties;
- any breach of the Underwriting Agreement by the Indemnified Parties;
- the Underwriter not receiving any fee or commission or reimbursement of costs and expenses or any loss of profit or expected profit if the Underwriting Agreement is terminated.

Additional Information

2. Business Sale and Purchase Deed

In August 2003 the Seller and Mariner Corporate Finance entered into a Memorandum of Understanding (MOU) pursuant to which, in consideration of Mariner Corporate Finance providing the Seller with an amount of $1,000,000 (MOU Deposit), the Seller agreed to allow Mariner Corporate Finance exclusive due diligence rights in respect of the Tassal Business. If Mariner Corporate Finance (or its nominee) proceeds to completion of the sale of the Tassal Business the amount of $1,000,000 will be treated as part of the purchase price payable to the Seller.

The MOU Deposit was paid, on behalf of Mariner Corporate Finance, by the Financiers.

Mariner Corporate Finance has agreed to assign its right to exclusive due diligence as set out in the MOU to the Company in exchange for a payment of $1,000,000 at Completion. The Company has nominated its wholly owned subsidiary (Tassal Operations) as the buyer of the Tassal Business. The monies received from the Company will be used by Mariner Corporate Finance to repay the Financiers.

On 8 October 2003 Tassal Limited, the Receivers and Managers (collectively, the Seller), the Company and Tassal Operations entered into the Business Sale and Purchase Deed pursuant to which the Seller agrees to sell, and the Company (through its wholly owned subsidiary, Tassal Operations) agrees to purchase, the Tassal Business and the assets that are required to operate the Tassal Business on the terms set out in the deed.

A summary of the material terms and conditions of the Business Sale and Purchase Deed is set out below.

2.1 Completion Date and Conditions Precedent

Completion of the purchase by Tassal Operations of Tassal (Completion) is due to occur on or about 28 November 2003 (Completion Date). Completion is subject to satisfaction of the following conditions precedent:

(a) the formal written approval of the ANZ Bank (as appointer of the Receivers and Managers), to the terms of the Business Sale and Purchase Deed;

(b) a letter of comfort from the Department of Primary Industries, Water and Environment confirming that it will consent to the assignment of the marine farming leases, and associated marine farming licenses from the Seller to the Company (subject to any stamping and registration requirements);

(c) the ANZ Bank providing financial accommodation for at least $20,000,000 to the Company. This accommodation will be provided subject to the Company granting to ANZ Bank a fixed and floating charge over all of its assets and undertakings, mortgages over real property held by the Company and such other security as the ANZ Bank may reasonably require; and

(d) the Company raising $26,000,000 of capital by way of an IPO by 25 November 2003.

Each party to the Business Sale and Purchase Deed has agreed to use all reasonable endeavours within its own capacity to ensure that each condition precedent is fulfilled prior to the Completion. As at the date of this Prospectus it is not anticipated that any of these conditions will not be completed.

2.2 Assets and Liabilities to be Acquired

Tassal Operations (Buyer) will acquire such of the assets owned by the Seller as are required to conduct the Tassal Business. Tassal Operations will not be acquiring the Seller's right and interest in or under:

(a) Tassal Japan Limited; and
(b) any cash, and certain Government related receivables and rebates.

Tassal Operations will assume all of the liabilities (defined as debts, payments, costs, losses, expenses, damages, compensation, obligations, responsibilities, due from, payable by or to be performed in connection with the business (including employee entitlements)), whether incurred prior to or after Completion with effect from and including the Completion Date but excluding certain excluded liabilities. These excluded liabilities relate to:

(a) any liabilities (other than employee entitlements) of the Seller accrued prior to the appointment of the Receivers and Managers;
(b) any liabilities arising out of any industrial action or from any workers compensation claims in respect of a matter or event which took place prior to Completion;
(c) any liabilities of the Seller to Russfal in relation to the Nortas acquisition;
(d) any tax liabilities of the Seller; and
(e) any amounts owing to former Tassal Limited board members and all professional fees and disbursements of the Receivers and Managers.

2.3 Purchase Price

The purchase price for the Tassal Business and the assets is $43,246,000.

2.4 Trading Adjustment Amount

Under the Business Sale and Purchase Deed Tassal Operations has agreed to pay to the Seller any increase in the net amount of trade debtors, inventory and trade creditors during the period from 30 June 2003 up until Completion. An estimate of this amount (if any) is required to be paid on Completion with the final amount payable 20 business days after the Seller provides a final statement of the actual amount.

2.5 Warranties

The Seller has agreed to warrant that, to the best of their knowledge and belief:

(a) none of the information disclosed to the Buyer (or any of its agents) in respect of the Tassal Business is untrue or incorrect in any material respect or misleading or incomplete in any material respect; and
(b) they have disclosed to the Buyer all information of which they are aware that would reasonably be regarded as material to a purchaser concerning the Tassal Business in response to information requests from the Buyer.

Additional Information

3. Assigned Agreements

Tassal Limited is currently a party to the following material agreements. Under the terms of the Business Sale and Purchase Deed, Tassal's rights and obligations under these agreements will be assigned or novated to Tassal Operations. The consent of the other party to the agreement to the assignment or novation may be required. If the consent cannot be obtained, until such time as each agreement is either determined or assigned, Tassal Operations is obliged to perform all of Tassal's obligations under these agreements and the Seller will continue to do all things necessary to assist them in obtaining such consents.

A summary of the material terms and conditions is set out below.

3.1 Feed Supply Agreement

Tassal purchases all of its pelletised feed requirements from Gibson's Limited (trading as Skretting Australia) (Gibson's) under the Feed Supply Agreement between Gibson's and Tassal dated 6 December 2002 (Gibson's Agreement).

The Gibson's Agreement is for a term of 3 years from 1 September 2002. The cost of the feed to Tassal is reviewed on a quarterly basis.

Upon the assignment of the agreement to it, Tassal Operations is required to provide Gibson's with a bank guarantee to secure its obligation to pay goods delivered to it under the agreement after the assignment date.

3.2 Saltas Smolt Agreement

Tassal purchases approximately 61% of its Smolt supply from Salmon Enterprises of Tasmania Pty Ltd (Saltas). Tassal currently holds approximately 63% of the ordinary shares in Saltas which shares will be transferred to Tassal Operations as part of the acquisition of Tassal.
Saltas is the dominant supplier of Smolt to the Tasmanian salmon industry.

Each year Saltas makes an offer to each holder of ordinary shares in Saltas (in proportion to their shareholding), to acquire Smolt setting out the anticipated Smolt production for the coming season and the terms pursuant to which it will be supplied. Tassal is therefore entitled to acquire 63% of Saltas' annual Smolt output.

3.3 Van Diemen Aquaculture

Under the Smolt Supply Agreement between Tassal Limited and Van Diemen Aquaculture Pty Ltd (Van Diemen) dated 6 November 2002 and the Salmon Agistment Agreement Between Tassal Limited and Van Diemen dated 15 September 2003, Van Diemen agrees to (amongst other things) agist smolt provided and owned by Tassal and to harvest and then supply those fish back to Tassal, subject to a pre-agreed harvest plan, and in return for an agistment fee based on a fixed dollar per kilogram harvested.

Van Diemen has granted Tassal a charge in relation to securing Van Diemen's obligations under this agreement. The supply agreement is not a long-term contract and is extended or re-negotiated in accordance with the agreement.

3.4 Southern Ocean Trout

Pursuant to an agreement between Southern Ocean Trout Pty Ltd (Southern Ocean Trout) and Tassal Limited dated 31 July 2003, Tassal sells to Southern Ocean Trout Fingerlings grown by Tassal and Southern Ocean Trout sells to Tassal (for resale to customers of Tassal) ocean trout that it has produced.

Unless otherwise extended on an annual basis this agreement will terminate on 31 May 2004.

3.5 Russell Falls Hatchery Lease

Tassal Limited leases the Russell Falls Hatchery from Raadas Salmon Pty Ltd pursuant to a lease made in February 2003. The lease is for a period of 5 years with options to extend for up to a further 10 years. The initial rent is fixed under the lease but is subject to rent reviews in accordance with current market rent.

Upon the assignment of the lease to it, Tassal Operations is required to provide the lessor with a bank guarantee for the amount of rent which will be payable to the lessor for the balance of the initial 24 months of the lease.

3.6 Mornington Lease

Tassal Limited leases the processing plant at Mornington from Russfal Pty Ltd pursuant to a lease made in February 2003. The lease is for a period of 5 years with options to extend for up to a further 10 years. The initial rent is fixed under the lease but is subject to rent reviews in accordance with current market rent.

3.7 Equipment Finance Leases
A number of assets used by Tassal Limited in the conduct of the Tassal Business are the subject of equipment finance leases with various third parties. These leases are on standard terms for agreements of their kind.

3.8 Packaging Agreements
Tassal acquires all of its requirements for certain types of packaging products from Reitsema Packaging (Tas) Pty Ltd (Reitesema) pursuant to a three year supply agreement with Reitsema dated 10 April 2003.
Other packaging requirements of Tassal are sourced from Amcor Fibre Packaging Australasia (Amcor) pursuant to a three year supply agreement with Amcor, effective from 1 May 2003.

3.9 Freight Agreement
Freight forwarding services required by Tassal are substantially provided by Patrick Tasmania Pty Ltd (a division of Patrick Corporation) (Patrick) pursuant to a 3 year freight agreement between Tassal Limited and Patrick, dated 24 February 2003. The cost of the provisions of services pursuant to this agreement are reviewed annually based on cost factors within the transport and shipping industry.

4. Marine Farming Leases and Licences

The areas in which Tassal conducts marine farming are subject to various marine farm leases and associated licences. Tassal has an interest in a number of marine farm leases and associated licences.

The leases are in the form of a unilateral grant by the Minister administering the Marine Farming Planning Act 1995 with the tenant executing a separate undertaking to comply with the terms of the grant and the relevant statute. The licences are governed by the Living Marine Resources Management Act 1995 and govern the terms pursuant to which finfish from the premises may be harvested.

Consent from the Minister for Primary Industries, Water and Environment is required to transfer both the marine farming leases and licences to the Company.

As at the date of this Prospectus a number of leases and licences have not yet been formally assigned to Tassal Limited from Nortas and/or require renewal. Under the Business Sale and Purchase Deed the Seller is required to deliver at or before Completion confirmation that the assignment and renewal of these leases and licences has occurred.

5. Nortas Sale Agreement

Under the Sale Agreement between Russfal Pty Ltd and Tassal Limited, Tassal acquired the business and assets of Nortas. The completion date of the acquisition was 14 February 2003.

Under the Business Sale and Purchase Deed, the Company will acquire from Tassal Limited certain of the assets acquired from Russfal. The Company will not be assuming any of Tassal Limited’s liabilities in relation to the payment of the purchase price under the Nortas Sale Agreement. The Company will not acquire the benefit of any rights of Tassal Limited under the representations and warranties given by Russfal in respect of the acquired assets.

Additional Information

6. Finance Agreements

Pursuant to the terms and conditions of a letter of offer from ANZ Bank dated 2 October 2003, ANZ Bank has agreed to provide banking facilities to the Company. The letter of offer has been accepted by the Company. It contains terms and conditions (including conditions precedent, undertaking, financial covenants and events of default) customarily found in financing arrangements of the type.

It is the Company's intention to use part of the funds provided by ANZ Bank to acquire the Tassal Business. The Company's facilities will be secured by various registered mortgage debentures and registered mortgages provided by the Company and Tassal Operations.

Under the terms of the provision of the facilities, ANZ Bank reserves the right to review and, if it considers appropriate, terminate all facilities made available to the Company on various grounds including the breaching of a number of financial covenants related to interest cover and gearing.

7. Services of Mark Ryan

KordaMentha, though a related entity, KordaMentha Management Services Pty Ltd (KMMS) will contract with the Company to provide the services of Mark Ryan for a period of up to 12 months from the Completion of the Business Sale and Purchase Deed.

On Completion, Mark Ryan will retire from his appointment as Receiver and Manager of Tassal Limited. The Company will effectively have full-time coverage from Mark Ryan in the position of CEO. The Company is required to commence searching for a replacement CEO from 1 March 2004.

The Company can terminate the services provided by KMMS with one month's notice.

KMMS will receive a fortnightly consulting fee of $11,538 and a cash bonus if they provide services through to 30 June 2004 and the actual financial results for the period from Completion to 30 June 2004 exceed budget.

In addition, KMMS will receive 200,000 Shares at no cost if they provide services to at least 29 February 2004 and a further 200,000 Shares at no cost if they provide services for at least a 12 month period. They are also entitled to be issued 1,000,000 options over Shares. The exercise price is the weighted average ASX traded price of Shares for the five business days commencing 1 March 2004. The options expire on 30 June 2005. One half of the options (500,000) will vest upon commencement of the management services and the balance in three quarterly tranches of 166,666.

If the contract is terminated, any bonus, shares or options which have not accrued or been issued or vested will not accrue or vest to KMMS.

KMMS will not sell any Shares or exercise any options for Shares while they provide the management services of Mark Ryan.

8. Financiers Share Subscription Agreement

The Financiers have each entered into a Share Subscription Agreement to subscribe for a total of 2,000,000 Shares at the Offer Price and at the same time as Shares are to be issued under the Offer.

Directors' interests

At the date of this Prospectus the relevant interest held by each of the Directors (including companies and trusts associated with the Directors) in the Company are as follows:

Director	Shares
Mr David Williams *	16,000,000
Mr Max Fremder	1,500,000

* Interests associated with Mr David Williams include 13,000,000 Shares held by Mariner Corporate Finance in which interests associated with him hold a 50% interest in Mariner Corporate Finance.

Through associated entities, Mr David Williams and Mr Max Fremder have agreed to each subscribe, or procure their nominee to subscribe, for 1,000,000 and 500,000 Shares, respectively, at the Offer Price and at the same time as Shares are to be issued under the Offer.

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of the Company, or the Underwriter, from applying for Shares on the same terms and conditions as offered pursuant to this Prospectus.

Directors' remuneration

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. Following ASX listing 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 the Directors. Initial fees 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;
- 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.

Any non-executive Director who is called to perform services for the Company which, in the opinion of the Directors, are outside the scope of the ordinary duties of a director may be paid a fixed sum determined by the Directors for the provision of such services.

All Directors will be paid travelling and other expenses properly incurred by them in attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company.

Interests of Directors

Other than set out above, or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- the promotion or formation of the Company;
- property acquired or proposed to be acquired in connection with its promotion or formation or the Offer; or
- the Offer of Shares under this Prospectus.

Except as set out in this Section 8, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- to induce him or her to become, or to qualify him as, a Director; or
- for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, the Underwriter and all other persons named in this Prospectus as having performed services in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, do not have and have not had within 2 years before lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company;
(b) any property acquired or proposed to be acquired in connection with its promotion or formation of the Offer; or
(c) the Offer.

The Underwriter to the Offer will receive fees as set out in this section under the heading "Material Contracts". In addition, Lodge Corporate Services Pty Ltd is entitled to receive 1,000,000 Shares in accordance with the terms of engagement between the Underwriter and Mariner Corporate Finance.

Arnold Bloch Leibler have acted as legal adviser to the Company in relation to the Offer and acquisition due diligence. Arnold Bloch Leibler's fees for this work up to date of lodgement of this Prospectus will be approximately $200,000 (excluding any disbursements and GST). Arnold Bloch Leibler will receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

Additional Information

Mariner Corporate Finance has acted as promoter of the Company. Mariner Corporate Finance signed a Memorandum of Understanding with the Seller to obtain the right to exclusive due diligence in respect of the Tassal Business and has agreed to nominate the Company's wholly owned subsidiary, Tassal Operations as the buyer of the Tassal Business. Mariner Corporate Finance is not entitled to any cash fee, although it is entitled to recover related out-of-pocket expenses from the proceeds of the Offer. As a founding shareholder of the Company, Mariner Corporate Finance holds 13,000,000 Shares.

Deloitte Touche Tohmatsu have prepared the Independent Accountants' Report and have performed due diligence acquisition procedures and provided general accounting and tax advice for the Offer and work in relation to due diligence inquiries for the purposes of the Offer. Deloitte Touche Tohmatsu's fees will be approximately $335,000 (excluding disbursements and GST). Deloitte Touche Tohmatsu will receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

Deloitte Corporate Finance Pty Ltd (Deloitte Corporate Finance) has prepared the Independent Review of Directors' Forecasts prepared by them in the form and context in which it appears. In addition, Deloitte Corporate Finance has reviewed the forecasts contained in this Prospectus. Deloitte Corporate Finance's fee is included in the fee referred to in the previous paragraph for Deloitte Touche Tohmatsu.

Directors' consent

Each Director of the Company has given, and has not withdrawn as at the date of this Prospectus, their consent to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act.

Consents to be named

Lodge Partners Pty Ltd has given, and at the time of lodging this Prospectus has not withdrawn, its consent to be named as Underwriter in the form and context in which it is named. Lodge Partners Pty Ltd take no responsibility for any other part of this Prospectus, other than the reference to its name.

Deloitte Touche Tohmatsu have given, and at the time of lodging this Prospectus have not withdrawn, its consent to be named as the Independent Accountants' to the Company in relation to the Offer (as referred to above) and to the inclusion of the Independent Accountans' Report prepared by them in the form and context in which it appears. Deloitte Touche Tohmatsu take no responsibility for any other part of this Prospectus, other than the reference to its name and to the inclusion of the Independent Accountants' Report.

Deloitte Corporate Finance Pty Ltd has given, and at the time of lodging this Prospectus has not withdrawn, its consent to be named as the expert to the Company in relation to the Offer and to the inclusion of the Review of Directors' Financial Forecasts prepared by them in the form and context in which it appears. Deloitte Corporate Finance Pty Ltd take no responsibility for any other part of this Prospectus, other than the reference to its name and to the inclusion of the Review of Directors' Financial Forecasts.

Mariner Corporate Finance has given, and at the time of lodging this Prospectus has not withdrawn, its consent to be named as promoter and adviser to the Company in the form and context in which it is named. Mariner Corporate Finance take no responsibility for any other part of this Prospectus, other than the reference to its name.

Arnold Bloch Leibler have given, and at the time of lodging this Prospectus have not withdrawn, its consent to be named as legal adviser to the Company in the form and context in which it is named. Arnold Bloch Leibler take no responsibility for any other part of this Prospectus, other than the reference to its name.

Computershare has given, and at the time of lodging this Prospectus has not withdrawn, its consent to be named as share registry for the Company in the form and context in which it is named. Computershare take no responsibility for any other part of this Prospectus, other than the reference to its name.

Disclaimer of responsibility

Each of the persons named in this Prospectus:

- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus other than, in the case of a person referred to under the heading "Consent to be Named", a statement included in this Prospectus with the consent of the party; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than reference to its name and, a statement or report which has been included in this Prospectus with the consent of that party as specified in this section.

Expenses of the Offer

It is estimated that approximately $2.2 million ($1.7m in cash and $0.5m in Shares) will be payable by the Company in respect of underwriting, legal, accounting, corporate, advisory, expert's fees, printing, ASIC and ASX fees and other costs arising from this Prospectus and the Offer. In addition, a further $1.3m is expected to be incurred by the Company in respect of acquisition due diligence costs and stamp duty on acquisition.

Regulatory

As at the date of this Prospectus it is not anticipated that any waivers from compliance with the ASX Listing Rules by the Company will be required.

CHESS and issuer sponsored register

The Company will apply to participate in Clearing House Electronic Subregister System (CHESS), in accordance with the ASX Listing Rules and the Securities clearing House (SCH) business Rules. The Company will operate an issuer sponsored subregister through Computershare. CHESS and the Issuer subregister will together make up the Company's register of securities.

The Company will not issue Share certificates to investors but as soon as practicable after allocation, investors will receive Holding Statements (similar to bank account statements) which set out the number of Shares allocated to them pursuant to this Prospectus. The statements will also set out each investor's unique Holder Identification Number (HIN) (in the case of a holding on the CHESS subregister), or Securityholder Reference Number (SRN) (in the case of a holding on the Issuer subregister).

Investors on the Issuer subregister will be provided with periodic statements from the Company's registry showing any changes in their holdings of securities. Investors on the CHESS subregister will be provided with periodic statements from CHESS showing any changes in their holdings of securities. Investors may request a statement at any time (although an administration fee may be charged for these additional statements).

Additional Information

Privacy Statement
By completing the Application Form accompanying this Prospectus, investors will be providing personal information to the Company (directly or via the Share Registry). The Privacy Act 1988 governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information the Company collects from investors on the Application Form is used to evaluate Applications for Shares in the Company and for successful applications to provide services and appropriate administration for investors. If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for our records, the Company will destroy or de-identify it.

Under the Privacy Act, investors may request access to the personal information held by the Company and request an update or correction of the information by contacting the Share Registry.

If an investor does not provide the Company with the information requested on an Application Form, the Company may elect not to process it.

Glossary

$
Australian dollars

AEST
Australian Eastern Standard Time

AGD
Amoebic Gill Disease

ANZ Bank
ANZ Banking Group Limited

Applicant
a person who applies for Shares in accordance with this Prospectus

Application
a valid application for Shares offered under this Prospectus

Application Form
an application form attached to this Prospectus

Application Money or Monies
money received from an Applicant in respect of an Application

AQIS
Australian Quarantine and Inspection Service

ASIC
Australian Securities and Investments Commission

Associates
entities in which the Company has an equity interest, but does not control or consolidate for financial reporting

ASX
Australian Stock Exchange Limited

ASX Listing Rules
the official listing rules of the ASX

Atlantic Salmon
Salmo salar

Board
the Board of Directors of the Company

Business Sale and Purchase Deed
the Business Sale and Purchase Deed dated 8 October 2003 between Tassal Limited, the Receivers and Managers, the Company and Tassal Operations

CHESS
Clearing House Electronic Subregister System

Closing Date
closing date of the Offer – see Key Dates

Company
Tassal Group Limited (ACN 106 067 270) and/or any of its subsidiaries, as the case requires

Computershare
Computershare Investor Services Pty Limited (ACN 078 279 277)

Corporations Act
Corporations Act 2001 (Cth)

CSIRO
Commonwealth Scientific and Industrial Research Organisation

Directors
Directors of the Company

EBIT
earnings before interest and taxation

EBITDA
earnings before interest, taxation, depreciation and amortisation

Feed Conversion Ratio or FCR
the amount of feed in kilograms required to produce one kilogram of HOGG weight

Financial Year or FY
the Financial Year to 30 June in any year eg. Financial Year 2001 means the Financial Year ended 30 June 2001

Financiers
means the entities who collectively provided the MOU Deposit, being Moggs Creek Pty Limited, Maxdy Nominees Pty Limited and Australian Businesspoint Pty Ltd

Fingerling
juvenile trout

HACCP
Hazard Analysis Critical Control Point accreditation

HOGG
Head On Gilled and Gutted

Holding Statements
Holding Statements for Shares under CHESS

KordaMentha
the partnership of KordaMentha of which the Receivers and Managers are partners

Glossary

Listing
the quotation of the Company Shares on the Official List

Mariner Corporate Finance
Mariner Corporate Finance Pty Limited (ACN 105 513 406)

MOU
Memorandum of Understanding entered into by the Seller and Mariner Corporate Finance

MOU Deposit
The amount of $1,000,000 paid on behalf of Mariner Corporate Finance by the Financiers

Nortas
means the business of hatching, farming, harvesting, processing, selling and marketing salmon and trout carried on by Russfal the business of which was acquired by Tassal on 14 February 2003

NPAT
Net profit after tax

Offer
the invitation pursuant to this Prospectus to apply for 62,000,000 Shares

Offer Period
the period between the Opening Date and the Closing Date

Offer Price
$0.50 per Share

Official List
the official list of the ASX

Opening Date
the commencement of the Offer – see Key Dates

Prospectus
this Prospectus including the Application Form and any supplementary or replacement prospectuses

Receivers and Managers
means Mark Francis Xavier Mentha and Mark Andrew Ryan in their capacity as receivers and managers of Tassal Limited

Receivership
means the period commencing from the appointment of the Receivers and Managers to Tassal Limited

Russfal
means Russfal Pty Ltd (ABN 45 009 555 980) (formerly known as Nortas Pty Ltd)

Salmonid
salmon and/or trout

Saltas
Salmon Enterprises of Tasmania Pty Ltd

SGS
SGS International Certification Services Pty. Ltd.

Share Registry
Computershare Investor Services Pty Limited (ACN 078 279 277)

Shareholder
a holder of a Share

Shares
fully paid ordinary shares in the capital of the Company

Skretting
Gibson's Limited trading as Skretting Australia

Smolt
juvenile salmon

SOT
Southern Ocean Trout Pty Limited

Tassal Limited
Tassal Limited (Receivers and Managers Appointed) ABN 64 009 548 770 Tasmanian Atlantic Salmon Limited ABN 35 009 559 175 (Receivers and Managers Appointed) Tasmanian Smokehouse Pty Ltd ABN 93 009 533 046 (Receivers and Managers Appointed) Killala Aquaculture Pty Ltd ABN 14 009 559 086 (Receivers and Managers Appointed) The Tasmanian Shellfish Company Pty Ltd ABN 70 009 521 608 (Receivers and Managers Appointed)

Tassal or the Tassal Business
means the business of hatching, farming, harvesting, processing, selling and marketing salmon and trout carried out by Tassal Limited as at the date of this Prospectus and to be acquired by the Company pursuant to the Business Sale and Purchase Deed

Tassal Operations
Tassal Operations Pty Limited (ACN 106 324 127)

Underwriter
Lodge Partners Pty Ltd (ABN 25 053 432 769)

Underwriting Agreement
agreement entered into on or about the date of this Prospectus between the Company and the Underwriter, the provisions of which are summarised in Section 8 of this Prospectus

VDA
Van Diemen Aquaculture Pty Ltd

Year Class
All fish stocks hatched or transferred in a particular year

Corporate Directory

Directors
David Williams (Chairman)
Max Fremder
Allan McCallum
Jill Monk
Maurice Van Ryn
John Watson

Company Secretary
Philip Powell

Registered Office
Level 20, 101 Collins Street
Melbourne VIC 3000

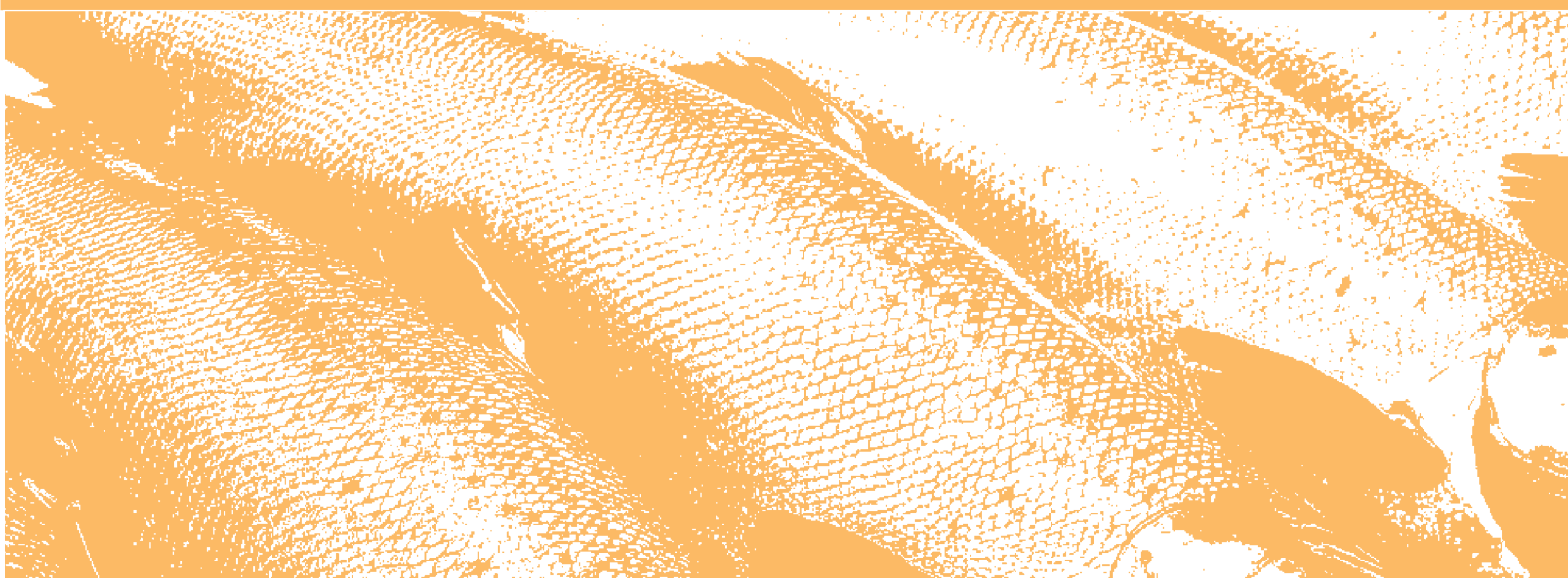
Auditors
Deloitte Touche Tohmatsu
505 Bourke Street
Melbourne VIC 3000

Solicitors
Arnold Bloch Leibler
Level 21 333 Collins Street
Melbourne VIC 3000

Underwriter
Lodge Partners Pty Ltd
Level 3, 405 Collins Street
Melbourne, VIC 3000

Corporate Advisor
Mariner Corporate Finance Pty Limited
Level 20, 101 Collins Street
Melbourne, VIC 3000

Share Registry
Computershare Investor Services Pty Limited
Level 12, 565 Bourke Street
Melbourne, VIC 3000



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Tassal Group Limited

ACN 106 067 270

Registry Use Only

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

Broker Code

Adviser Code

A **I/we apply for**

Number of Ordinary Shares in Tassal Group Limited at $0.50 per Ordinary Share or such lesser number of Ordinary Shares which may be allocated to me/us

B **I/we lodge full Application Money**

A$.

C **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter your postal address - Include State and Postcode**

Unit | Street Number | Street Name or PO Box /Other Information

City / Suburb / Town | State | Postcode

E **Enter your contact details**

Contact Name

Telephone Number - Business Hours / After Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Cheque details - Make your cheque or bank draft payable to Tassal Group Limited Share Offer

G

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$
				A$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

How to complete this form

A **Shares Applied for**

Enter the number of Ordinary Shares you wish to apply for. The application must be for a minimum of 4,000 Ordinary Shares. Applications for greater than 4,000 Ordinary Shares must be in multiples of 2,000 Ordinary Shares.

B **Application Monies**

Enter the amount of Application Monies. To calculate the amount, multiply the number of Ordinary Shares by the price per Ordinary Share.

C **Applicant Name(s)**

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D **Postal Address**

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E **Contact Details**

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F **CHESS**

Tassal Group Limited (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Ordinary Shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Ordinary Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G **Payment**

Make your cheque or bank draft payable to Tassal Group Limited Share Offer in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Ordinary Shares in Tassal Group Limited is upon and subject to the terms of the prospectus and the Constitution of Tassal Group Limited, agrees to take any number of Ordinary Shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

005136 V_007S0A

Lodgement of Application

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited by no later than 5.00pm EST on the 14th November 2003.
Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 8060

OR

Computershare Investor Services Pty Limited
Level 12
565 Bourke Street
MELBOURNE VIC 3000

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

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IPO

Correct forms of registrable title(s)

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Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
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Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
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TSS

Tassal Group Limited

ACN 106 067 270

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