



Media Release

Thursday, 26 February 2004

Tassal Group Limited (ASX Code: TGR)

On target to achieve FY2004 Profit Forecast

Results Summary

Tassal Group is on track to achieve its prospectus earnings forecast following the release of its 31 December 2003 half year financial statements.

The company reported a net profit after income tax of \$8.677 million for the period from the commencement of trading, 10 November to 31 December 2003; or 10.58 cents per share.

The underlying business has improved considerably since emerging from Receivership and listing on the ASX as evidenced by the following achievements:-

- Being on target to deliver prospectus forecasts.
- A share price increase from \$0.50 to \$0.74 on 31 December 2003.
- A 30% increase in forecast 2003 Year Class salmon biomass from 6,500 tonnes (2002 Year Class) to 8,500 tonnes (2003 Year Class).
- Conservative gearing.

Key financial performance indicators for the period after the company complied with Australian Accounting Standards for Self-generating and Regenerating Assets ("SGARA") and the requirements with respect to allocating the Discount on Acquisition attributable to the acquisition of the business of Tassal Limited (Receivers and Managers Appointed) were as follows:-

	Actual \$'000
Revenue	33,355
EBITDA	9,911
EBIT	9,504
Profit before tax	9,250
Less Tax	573
Net profit after tax	8,677
Basic earnings per share (cents)	10.58 cps

Commenting on the result, Tassal Group's Chief Executive Officer Mark Ryan said, *"The company is on track to achieve its prospectus forecast, which is a significant event for a business coming out of receivership in a seafood market that has seen the price of crustaceans and some "white" fish sold over Christmas 2003 being at significantly lower prices than the prior year; and an increasing \$AUD making imports cheaper."*

The reported net profit is after the company complies with Australian Accountings Standards, including the SGARA requirement to value fish in the water at net market value rather than cost. Removing the impact of these adjustments, the underlying earnings for this period are consistent with the achievement of the prospectus forecast results for the period to 30 June 2004.

The period following the commencement of operations and Tassal's listing on the Australian Stock Exchange Limited on 12 November 2003 has been characterised by an improvement in the financial and operational performance of the business underpinned by the successful implementation of management techniques to increase fish biomass, yields and product margins.

Mr Ryan advised, *"Tassal has enjoyed a solid summer growing period and we are forecasting a 30% increase in our salmon biomass for our new season fish that we commence harvesting in May 2004. This is very good news because biomass is a significant value driver. Nevertheless, the fish have further growing to do and delivering this increased biomass is still uncertain."*

Mr. Ryan elaborated, saying that *"growing the fish is just one part of the equation. Tassal Group also needs to grow and expand the domestic and export markets to allow the sales channels to absorb additional biomass at good margins."*

The improved biomass forecast is due to improved risk management and risk mitigation policies which have improved survivability and growth. In addition, there has been decreased seal, algal bloom and jellyfish activity over the 2004 summer period; and summer water temperatures have not followed the extreme temperatures evidenced over the last three Tasmanian summers.

Mr. Ryan noted that the improved biomass will likely necessitate an increase in forecast annual capital expenditure for the next two calendar years if the Board determines this performance is sustainable.

Dividend

Directors have determined that no interim dividend will be paid on Ordinary Shares in respect of the period ended 31 December 2003.

Business Development

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

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