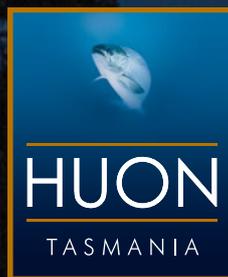


# GROWING FOR THE FUTURE

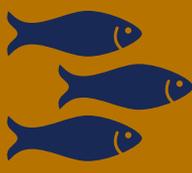
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ANNUAL REPORT 2015



Huon Aquaculture  
Group Limited

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## Annual General Meeting

The 2015 Annual General Meeting of Huon Aquaculture Group Limited will be held at The Henry Jones Art Hotel, 25 Hunter St, Hobart, November 25.

# AUSTRALIA'S SIGNATURE PRODUCER OF SALMON IS GROWING TO MEET FUTURE DEMAND

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## WHO WE ARE

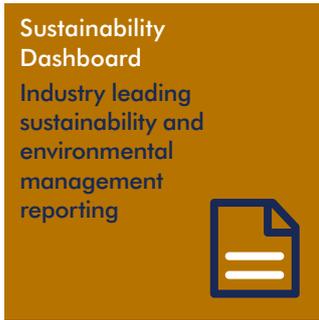
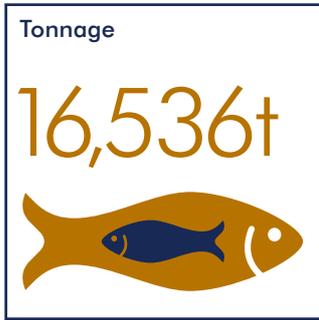
### **Our story**

Founded by Peter and Frances Bender in 1986, Huon Aquaculture has grown to be Australia's signature producer of salmon. From its early days with one lone fish pen and one employee Huon has grown to be a vertically integrated salmon producer with operations spanning all aspects of the supply chain.

The Company has built a reputation based on quality and innovation, with a proud history of leading the way in aquaculture developments both domestically and internationally. A strong focus on animal husbandry, responsible environmental management and superior quality has set the foundation for the Company to continue to grow responsibly whilst delivering long-term sustainable profitability.

WHO WE ARE

# Our Business



We proudly produce the world's most loved Tasmanian salmon.

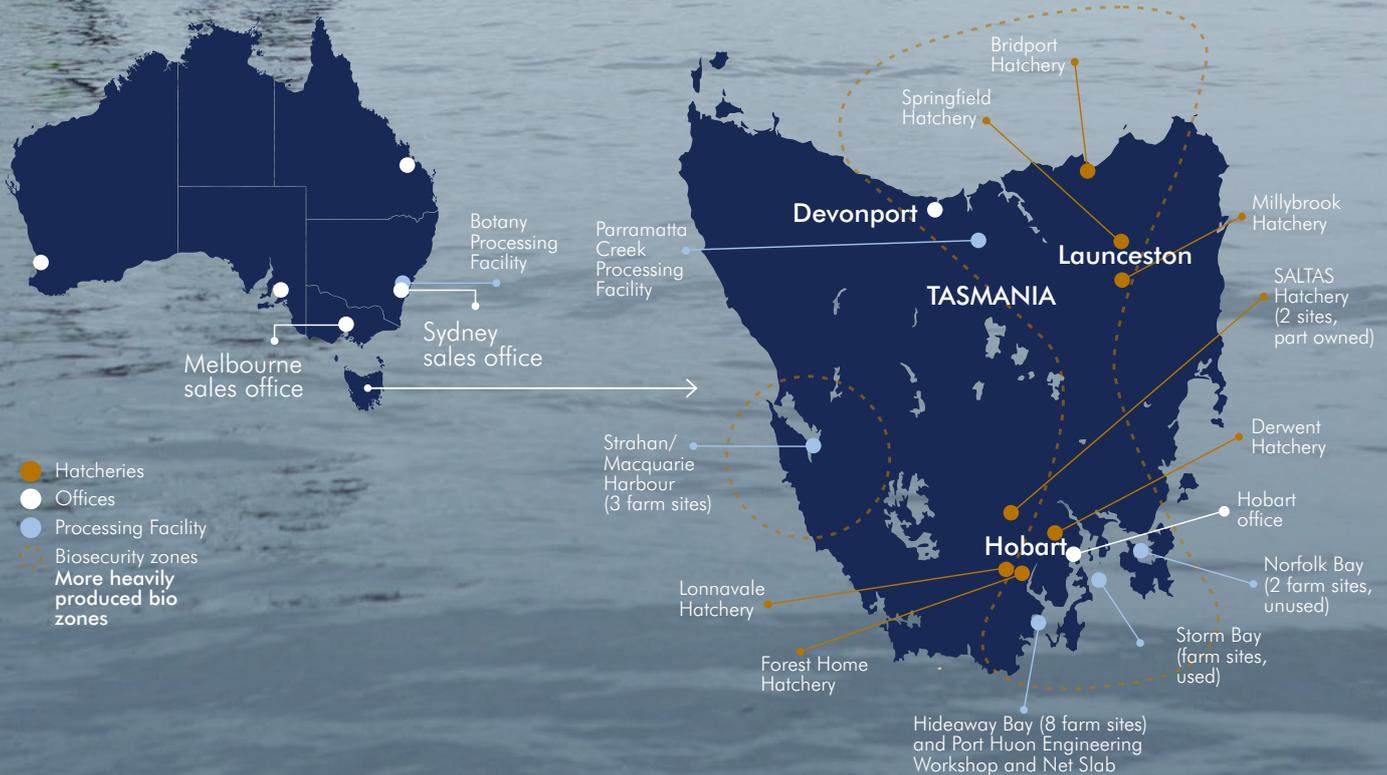
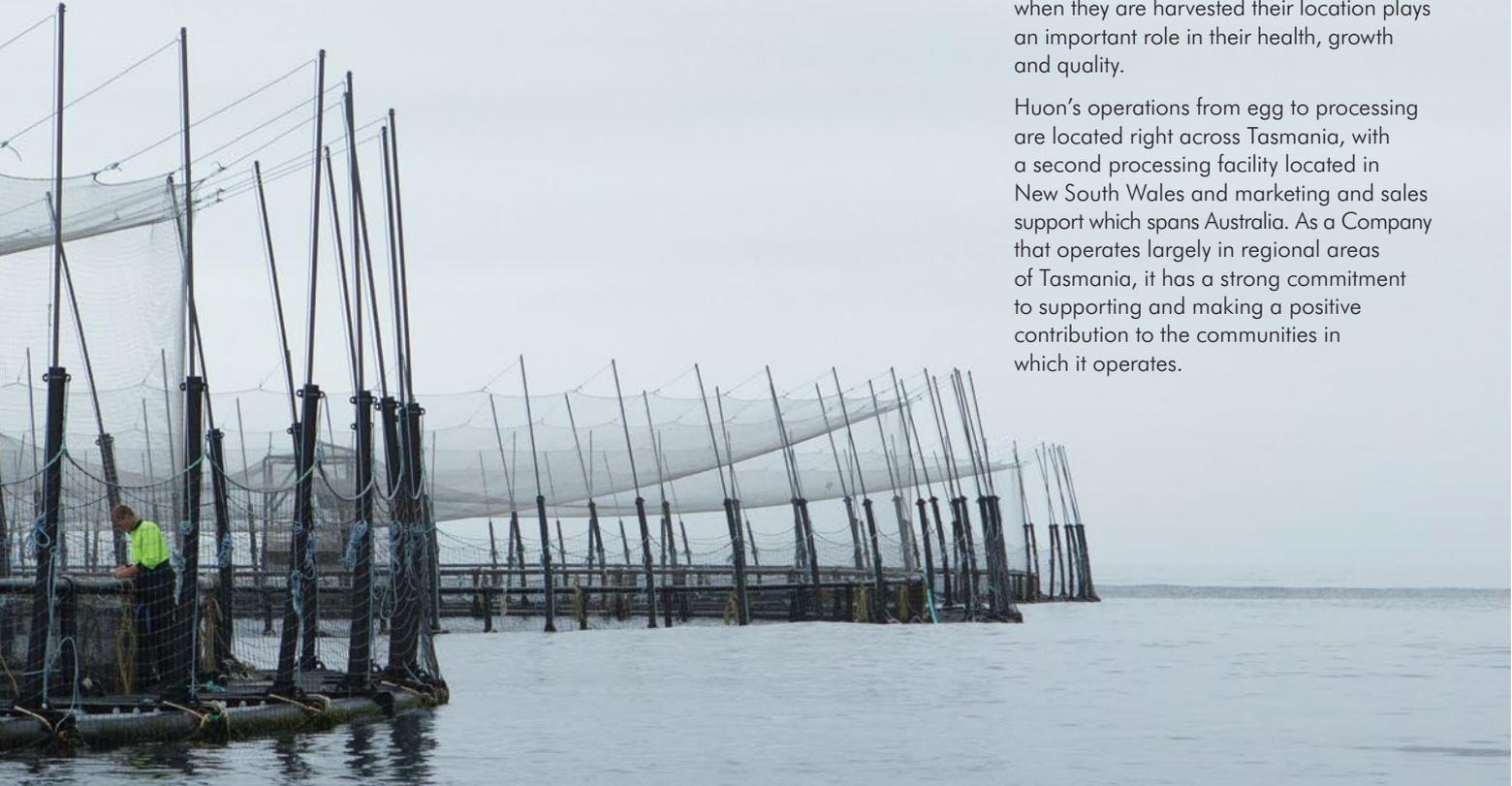
\* Note: Figures accurate as of FY2015.

WHO WE ARE

# Our Locations

Huon is fortunate to farm in the unique Tasmanian environment that enables the Company to raise salmon in locations in which they thrive. From the time when Huon salmon start their life in hatcheries up until when they are harvested their location plays an important role in their health, growth and quality.

Huon's operations from egg to processing are located right across Tasmania, with a second processing facility located in New South Wales and marketing and sales support which spans Australia. As a Company that operates largely in regional areas of Tasmania, it has a strong commitment to supporting and making a positive contribution to the communities in which it operates.



# LEADING INNOVATION ACROSS ALL AREAS OF OPERATIONS

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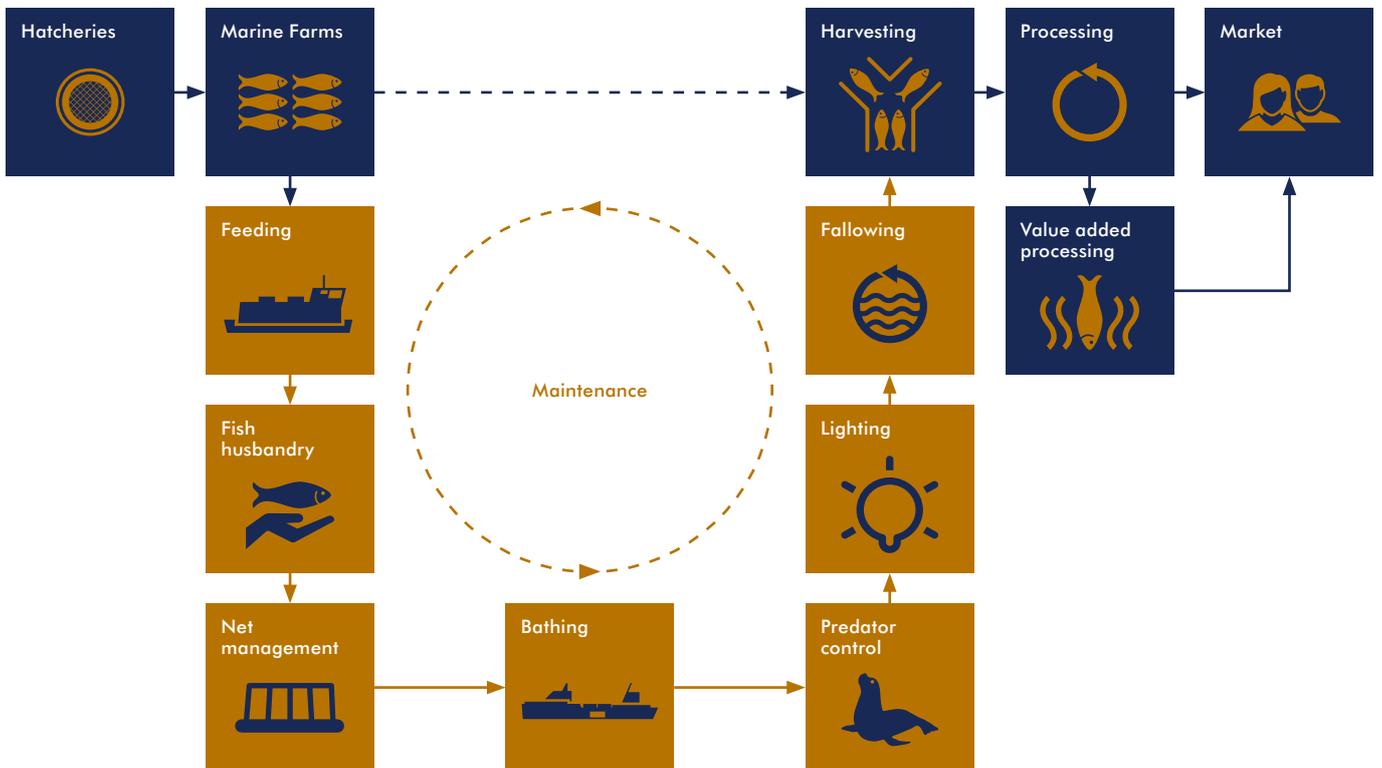
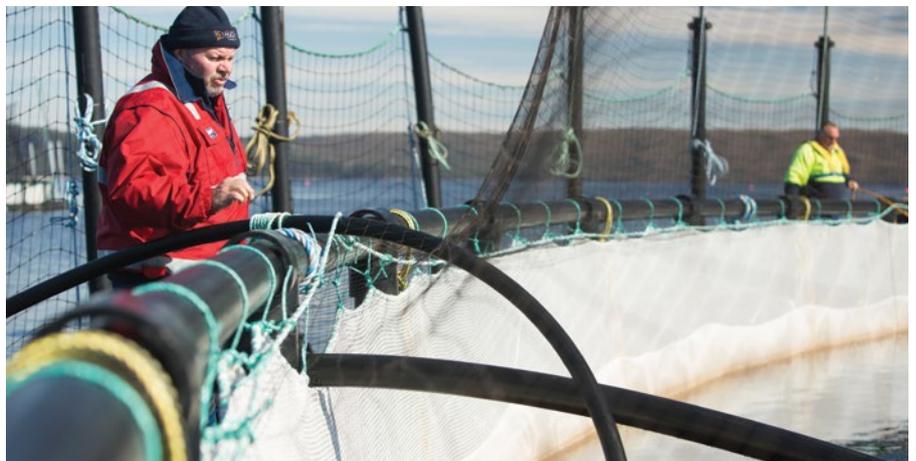
WHAT WE DO

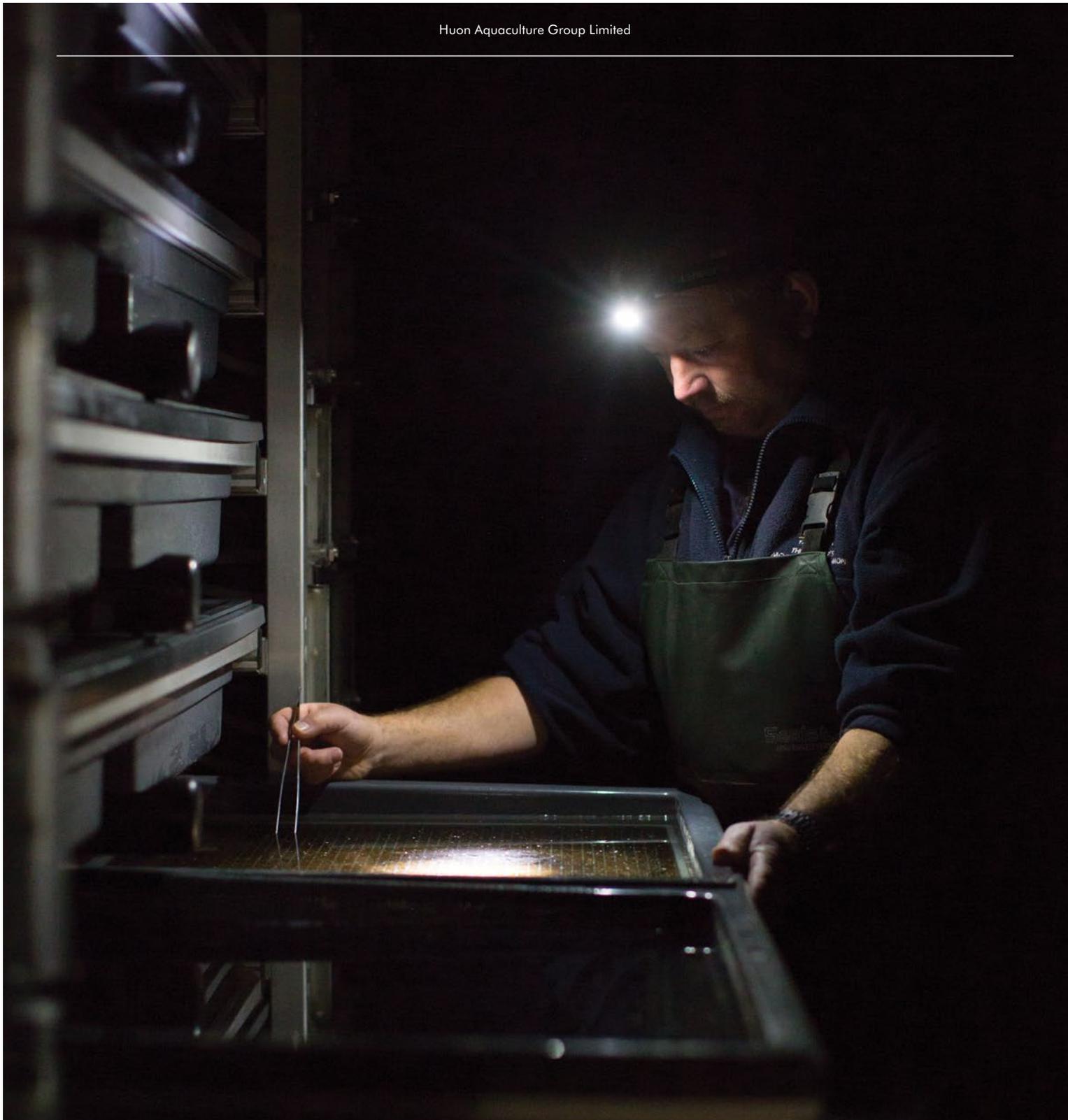
As a vertically integrated salmon producer, Huon's operations span hatcheries, marine farming, maintenance, harvesting, processing, value adding, marketing, sales and distribution.

The lifecycle of a Huon salmon is two to three years long and at each stage the Company's operations are underpinned by a commitment to the highest level of animal husbandry, environmental management and quality.

Leading Innovation

Huon has a reputation for leading innovation across all areas of its operations which is supported by a highly skilled workforce with diverse and extensive expertise.





#### WHAT WE DO

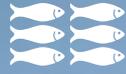
### Hatcheries



The hatchery is where it all begins for Huon salmon, from egg through to smolt when the fish are ready to be transferred to sea. Hatcheries allow Huon to mirror the natural life cycle of salmon, as well as facilitate naturally synchronised growth which enables the supply of fresh, healthy fish all year round.

Huon's hatcheries are located throughout Tasmania on different river systems, allowing the Company to take advantage of different water and environmental conditions and maintain high standards of biosecurity.

## Marine Farms



### WHAT WE DO

Huon salmon spend the majority of their lives in the Company's marine farms. During this time the Company focuses on keeping the salmon healthy through measures such as: low stocking densities; advanced predator protection; regular bathing to prevent disease; and adaptive feeding practices to assist strong and continued growth.

The Company's marine farms are located in the south east and west coast of Tasmania. The two growing regions enable the Company to grow fish all year round and provide a sound model to manage biosecurity and the impact of disease while farming in the cool, pristine waters in which salmon thrive.



**Processing**



WHAT WE DO

Huon's reputation for innovation extends beyond the farm. Once the salmon are harvested humanely they are transported to the Company's Parramatta Creek processing facility in the North of Tasmania. Harvesting at night means that fish are more relaxed and that they can be processed prior to rigour, resulting in the high quality salmon Huon is recognised for both domestically and internationally.

The Parramatta Creek facility is one of the most advanced in the world with whole fish entering and value added products being dispatched from the same location. With the addition of the Smokehouse and Product Innovation Centre in early 2015 the Company is able to achieve new standards in quality through its value added ranges.

The Parramatta Creek facility in conjunction with a recently purchased processing facility in New South Wales enables the Company to improve freshness to market and distribution across Australia.

## WHAT WE DO

Freshness to market, a long standing reputation for premium quality salmon and a commitment to building strong customer relationships underpin the Huon sales approach.

The Company's harvest and processing practices enable it to deliver the freshest salmon to market in Australia. Huon's new Smokehouse and Product Innovation Centre and New South Wales processing facility will further strengthen the Company's freshness to market and overall distribution capabilities.

Huon's leading innovation extends beyond the farm, with processing and market innovation driving product development and sales opportunities. The Company has a strong focus on responsiveness to market demand through production innovation, with a commitment to growing the market within Australia.

### Market



- Wholesale 75%
- Retail 10%
- Export 15%



# UNDERSTANDING THE FUTURE OF FISH FARMING



OUR STRATEGY

# The future of fish farming

Huon Aquaculture is an ethical business, a respected brand, part of a sustainable industry and a company that will continue to grow responsibly whilst remaining committed to continual improvement, innovation and efficiency. To grow responsibly and deliver sustainable long-term profitability, the Company has developed a business strategy that is underpinned by three pillars that guide decision making and direction:

## The Huon three pillar business strategy



OUR STRATEGY

# Growing the market

Huon Aquaculture is well positioned to capitalise on consumer demand which continues to increase at around 10% per year.

The Company’s marketing strategy has four key elements:

<p><b>Build Huon brand presence at point of purchase through point of sale and merchandising materials, product branding, product sampling and demonstrations.</b></p> <p>1</p>	<p><b>Differentiate Huon from major competitors</b></p> <p>2</p>
<p><b>Educate consumers about salmon</b></p> <p>3</p>	<p><b>Increase availability of salmon across new channels to further stimulate consumption</b></p> <p>4</p>

Huon Aquaculture has strong and long-held relationships in the wholesale sector and this is reflected in the Company’s channel mix. The Company’s Channel Optimisation Plan will see further balancing with increased presence in profitable Asian and Pacific markets and growth of the retail sector.

The Channel Optimisation Plan is well supported by Huon Aquaculture’s new Parramatta Creek Smokehouse and Product Innovation Centre. The new Centre enables the Company to produce new products and provides the capability to expand volumes to capitalise on emerging consumer trends both domestically and internationally.



OUR STRATEGY

## Growing production and efficiency

To meet market demand, Huon Aquaculture is implementing a Controlled Growth Strategy that will allow the Company to do things better, more efficiently and with less impact on the environment.

Through the Controlled Growth Strategy, Huon expects to increase production volumes whilst improving fish quality and consistency.

In order to achieve the strategy, the Company is implementing a range of capital projects over the next several years.

The Controlled Growth Strategy is guided by six key principles:

Increase production to meet growing consumer demand



1

Improving the health and welfare of fish



2

Improving safety for workers



3

Reducing the Company's environmental footprint



4

Continuing to positively participate in the community



5

Producing world class salmon products

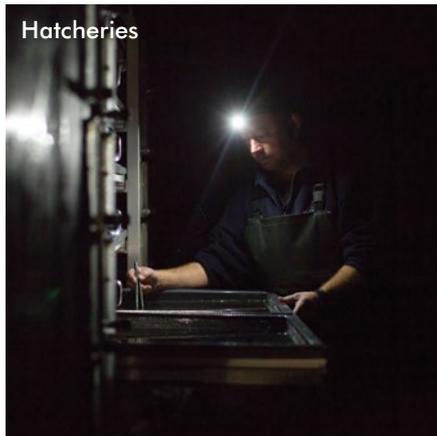


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OUR STRATEGY

# Growing production and efficiency

## Controlled Growth Strategy ...



Hatcheries

**Description**

- Huon is constructing a large recirculation hatchery on the Huon River

**Expected benefits**

- Hatchery will increase smolt capacity by almost 50%
- Produce larger and better quality smolt
- Will enable efficient transfer of smolt to sea
- Will replace more expensive contract hatcheries



Fortress Pens

**Description**

- Huon is rolling out new wildlife-proof pens across all its farming operations

**Expected benefits**

- Improved growth rates for fish
- Reduced mortality rate for fish
- Improved safety for workers
- Improved safety for wildlife
- Increased operational efficiency



Mooring Systems

**Description**

- To support the new Fortress Pens, Huon is replacing all mooring systems across its farming locations

**Expected benefits**

- Safer mooring systems to support new pens
- Allows pens to be moored in higher energy sites
- Increases operational efficiency

**Production**

**Quality**

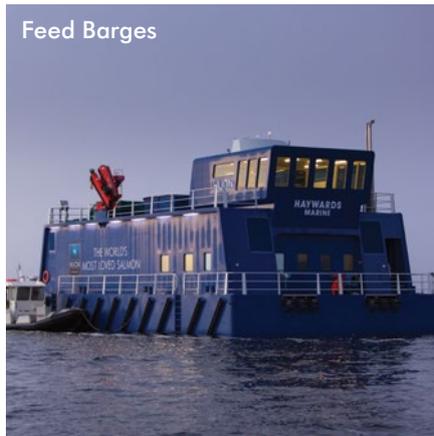
**... key projects across Huon's supply chain**



Well-boat

**Description**

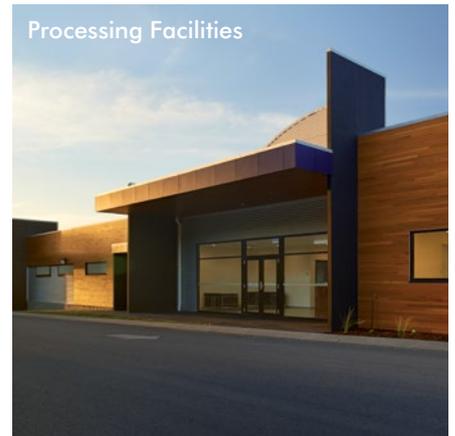
- A 75-metre vessel used for: bathing fish, transporting live fish to harvest, and for transferring juvenile salmon from hatchery to sea



Feed Barges

**Description**

- Deployment of innovative feed delivery and management system across all farms



Processing Facilities

**Description**

- Huon has constructed a new state of the art processing facility at its wet processing site in Parramatta Creek in northern Tasmania and has purchased a processing facility in Sydney

**Expected benefits**

- Enables farming at higher-energy sites
- Gentler handling of fish for a variety of husbandry tasks
- More efficient bathing operations
- Increased employee safety
- Reduced impact on communities from towing operations

**Expected benefits**

- Enables feeding at higher energy sites
- Better feeding of fish to appetite results in: better growth, reduced waste, and improved consistency of fish size
- Safer work environment

**Expected benefits**

- Increased capacity
- Increased product capabilities
- Lower combined overhead costs
- Improved operational and logistical efficiencies

**Consistency**

**Efficiency**

OUR STRATEGY

# Growing safely and sustainably

## Keeping employees safe is the Company's number one priority.

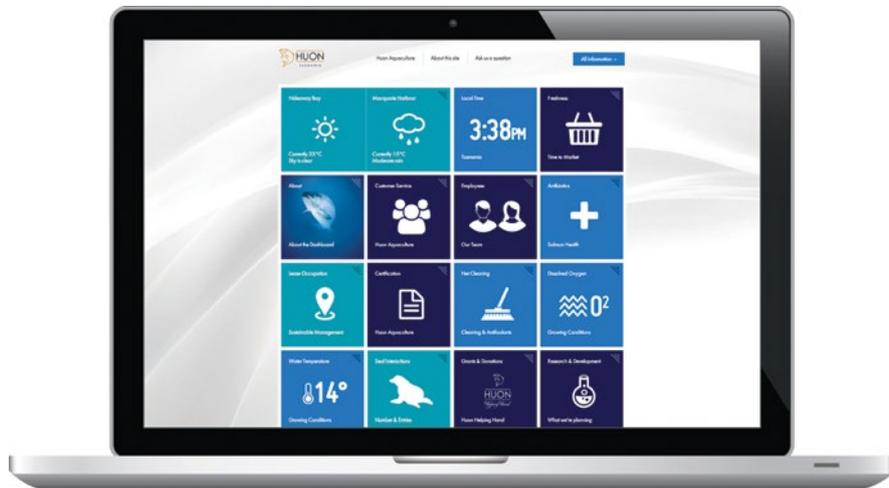
Huon works continuously to improve safety across all of its operations. Huon is working towards a "Safety First" culture and this culture is supported by Huon's practice of providing extensive training and reinforcement of the cultural values of safety.

All new projects that Huon invests in are assessed on their ability to reduce and control workplace hazards. This was highlighted in 2013, with Huon Winning the 2013 WorkSafe Tasmania Award in the "Best solution to an identified work health and safety issue" category for the introduction of its Fortress Pens.

Environmental awareness and sustainability are core to Huon's values and are ingrained in the Company's culture. Huon is committed to minimising the impact of its operations on the environment and maintaining a sustainable operational footprint.

In addition to the Company's Global G.A.P. sustainability accreditation, Huon is also a member of the Global Salmon Initiative (formed by global farmed salmon producers to focus on providing a highly sustainable source of protein whilst minimising the environmental footprint), and the Company is working towards Aquaculture Stewardship Council (ASC) Accreditation.

In addition, Huon's interactive Sustainability Dashboard shares current Company information on topics of interest to the community and stakeholders. Information about farming, fish welfare and environmental impact is shared in a relevant, current, accessible and immediate way.



Huon's interactive Sustainability Dashboard

# DELIVERING LONG TERM RESULTS

Successful transition to public ownership



Operating EBITDA

\$40.5m

Sales revenue up on last years results

1.8%

Increase in biological live weight



37%

Driving down production cost per kilogram

\$7.58

Cash flow from operating activities



\$17.3m

Low gearing

13.4%

Net debt

\$33m

Controlled Growth Strategy

81%

Implemented.  
On budget, on schedule



## Chairman's Report

### Welcome to Huon Aquaculture Group Limited's (Huon or Company) first Annual Report following the Company's successful listing in October 2014.



**Peter Margin**  
Chairman

Since joining Huon as its Chairman, I have seen what sets this business apart – ongoing investment in innovation, commitment to the Huon method of farming, a strong and ethical culture and passionate people.

Migrating Huon from a solid foundation as a private company under the stewardship of Peter and Frances Bender to public ownership and Board leadership positions the Company for long-term sustainable profitability.

#### The Board

In October 2014 Huon came under the direction of a new Board comprised of Directors that bring a breadth of expertise and skill, including industry and business knowledge, financial management skills and corporate governance experience.

Board members are myself as Chairman, Neil Kearney (non-executive Director), Simon Lester (non-executive Director), Peter Bender (Managing Director and CEO), and Frances Bender (Executive Director).

The composition of the Board allows the experience of the Company's founders to be harnessed whilst bringing the skills and business acumen of new Board members to strengthen and support the Company's strategic growth agenda.

I would like to thank my Board colleagues for their extraordinary efforts in a transformative year for our Company.

#### Strategy

To achieve long-term sustainable profitability, the Company's overall business strategy is underpinned by three pillars that guide decision making and direction:

1. Growing the market through increased consumption, optimised channel mix and protecting and enhancing sales and brand value;
2. Growing production and operational efficiency through implementation of the Controlled Growth Strategy and marine lease optimisation; and
3. Growing safely and sustainably through the development of our people, the pursuit of the Company's Safety First program and continuous improvement in environmental performance.

Huon has a long history of innovation and a relentless focus on operational and asset efficiency. It is these characteristics that will allow the Company to remain nimble and innovative in a new era as a listed entity.

The capital raised from the Initial Public Offer (IPO) has enabled the Company to embark on a transformational Controlled Growth Strategy capital investment program that, once fully implemented, will deliver significantly increased production capacity and operational efficiency while improving overall environmental sustainability. The Company has marine lease space available and has relocated many existing leases to deeper, higher energy sites to improve growing conditions and environmental sustainability. This strong foundation will support the Company's next phase of growth, responding to market demand which is expected to continue to grow at around 10% per annum.

Supporting the strategy and goals of the business is the diligence and hard work of the Huon team. I commend them for their efforts in a challenging market environment.

## Business Performance

There is no doubt that our Company has faced some performance headwinds in the second half of the year. Huon was affected by an increase in the volume of imported salmon onto the domestic market, with the increased domestic supply resulting in a softening of prices. This was compounded by weaker than expected prices in the export market. Despite the challenging conditions, the Company was able to retain its sales volume for the year.

However, in April the Board took the decision to revise the full year profit forecast from the Prospectus Forecast Operating EBITDA of \$51.9million (adjusted for interest income) to \$40.0 – \$45.0million in response to the changing market conditions.

I am pleased to report that we have successfully achieved a solid profit result in line with the revised profit range of \$40.5million Operating EBITDA for FY2015.

The Company has also completed the year with low gearing of 13.4% with net debt of \$33.0million. This is underpinned by the solid operating cash flow of \$17.3million which positions the Company to deliver the Controlled Growth Strategy as planned.

## Key Performance Indicators

### Statutory

		Actual FY2015	Actual FY2014	Prospectus FY2015
Tonnage	t	16,536	15,156	16,680
Revenue <sup>^</sup>	\$M	191.7	188.4	214.8
EBITDA*	\$M	35.2	59.2	54.1
NPAT	\$M	16.6	33.8	28.8
Biological Assets	\$M	151.8	122.8	N/A
Earnings Per Share	c	20.99	55.41	N/A
Net Debt**	\$M	33.0	64.5	38.8
Total Gearing Ratio***	%	13.4	58.7	N/A
Return on Assets****	%	6.4	19.6	N/A

\* EBITDA is a non-IFRS financial measure which is used to measure business performance, using net depreciation and amortisation recognised in the income statement

\*\* Net debt is total debt net of cash at bank

\*\*\* Total Gearing Ratio is measured as debt (net of cash)/net assets

\*\*\*\* Return on Assets is measured as statutory EBIT/total assets, where EBIT is rolling 12 month to period end

<sup>^</sup> Revenue from the sale of goods

### Fair Value Adjustment

		Actual FY2015	Actual FY2014	Prospectus FY2015
Fair value Adjustment	\$M	(5.3)	4.5	2.2
Related income tax	\$M	1.6	(1.3)	(0.7)

### Operating results

		Actual FY2015	Actual FY2014	Prospectus FY2015
Operating EBITDA	\$M	40.5	54.7	51.9
Operating NPAT	\$M	20.3	30.6	27.2

\* Operating EBITDA is a non-IFRS financial measure which is used to measure business performance and excludes the fair value adjustment shown in the table above

\*\* Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact

# Chairman's Report

## Controlled Growth Strategy Update

Despite the challenges in the market, the Board of Directors believe that the Company has made substantial gains toward achieving the business strategy against all three pillars, but particularly in the implementation of the Controlled Growth Strategy.

For example, our Company constructed and commissioned a new Smokehouse and Product Innovation Centre in just 11 months. This new seafood processing facility is becoming the Company's hub of consumer-led product development.

The new technology and innovations being rolled out across our farms, such as the well-boat, the feed-barges and the new Fortress Pens, are showing signs of the long-term gains expected from them in terms of increasing production, quality, consistency and efficiency.

The new Fortress Pens are already demonstrating better growth rates in our salmon and they are simpler and safer for our people. They have also dramatically reduced wildlife interactions.

As we move into FY2016, I am confident that the Controlled Growth Strategy will increase its contribution to the overall business strategy and performance alongside a focussed market growth strategy and continued improvements in environmental performance.

## Capital Management

As a result of the need to balance the Company's growth program with its capital structure the Directors have taken the decision to retain earnings and not pay a dividend for FY2015.

## Safety And Sustainability

One of the three pillars of the Company's business strategy is to grow safely and sustainably. The Directors remain determined to make Huon's workplaces safer. To put it simply, the Company needs to do better as demonstrated by a Loss Time Injury Frequency Rate (LTIFR) of 27 for the year.

This year, the Company has doubled the number of employees in the safety team and has implemented "Elected Health and Safety Representatives" for all farm sites and teams. Company-wide safety training has been undertaken and all Board members, key management personnel and senior managers have undergone intensive safety culture training.

As an organisation, we need to remain in step with community expectations in relation to sustainability. Lessening the impact on the environment from our operations is vital to the long term success of the business and the quality of our products.

Fundamentally, we must continue to deliver the continuous improvement approach to all that we do and achieve and for which Huon has become known.

Throughout the year Huon has continued to work towards Aquaculture Stewardship Council accreditation through its membership of the Global Salmon Initiative.

Every project within the Controlled Growth Strategy is designed to improve environmental outcomes and already we are seeing results in significantly reduced wildlife interactions from our Fortress Pens and the construction of the state of the art Forrest Home Hatchery.

## Outlook

Market indicators suggest that there is increasing likelihood the global salmon supply will be constrained over the next 6-12 months. Huon is well positioned to service both the domestic and key profitable Asian markets in the coming year as a result of gains in underlying biological assets.

The Controlled Growth Strategy is expected to deliver a safe and sustainable production system that will position the Company to grow with market demand. Benefits of the Controlled Growth Strategy will be progressively delivered over the next two financial years. Once fully implemented, Huon expects that it will deliver operating efficiencies that directly contribute to the Company's long-term profitability and are reflected in key performance indicators such as return on assets and cost of production.

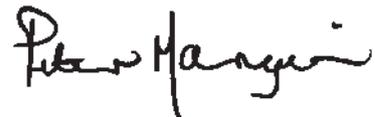
The Company will continue the implementation of the Controlled Growth Strategy in FY2016 and expects to see improvement in asset efficiency as the benefits begin to flow through the business.

Overall, the Company will increase production and grow profitable revenue by optimising channel mix and brand value through targeted innovation, while reducing operational costs across the business and standardising efficiency gains from the implementation of the Controlled Growth Strategy in FY2016.

## Conclusion

While we were unable to achieve all the goals that we set out in our Prospectus in our maiden year, I am pleased by the advances we are making and the disciplined and diligent approach of the Huon team to delivering the business strategy, and I believe this positions the Company for long-term sustainable profitability.

On behalf of the Board of Directors I wish to thank shareholders, customers, suppliers, the communities in which we operate, and our employees for their ongoing support as we work towards a new era in salmon farming that is safer, more sustainable, more efficient, more profitable and here for the long term.



**Peter Margin**  
Chairman

# Chief Executive Officer's Report

## Highlights

**Solid profit result of \$40.5 million (Operating EBITDA) in first year of listing despite significant market volatility**

**Controlled Growth Strategy capital investment program delivering on time and budget**

**Solid operating cash flow position**

**Strong performance of underlying biological assets from a good growing season and performance of the new Fortress Pens**

**Low gearing ratio positions Company to deliver Controlled Growth Strategy as planned**

**Sales volume remained strong in a volatile market**



# Chief Executive Officer’s Report



**Peter Bender**  
 Managing Director and  
 Chief Executive Officer

## Performance Overview

### Profit Measures

Huon has delivered a solid Operating EBITDA result of \$40.5million (Statutory EBITDA of \$35.2million) and Operating NPAT of \$20.3million (Statutory NPAT of \$16.6million) despite challenging market conditions during the second half of the year.

Pleasingly, sales revenue was up 1.8% on the prior year and harvest tonnage was 9% above the prior year and consistent with the Prospectus.

Implementation of the Controlled Growth Strategy continues to proceed smoothly and remains on time and on budget despite some challenges.

Huon has a long and successful history of implementing large scale capital projects and the new technology and other innovations being progressively rolled out across the Company’s farms are showing early returns in line with expectations.

Strong performance of underlying biological assets from a good growing season and performance of the new Fortress Pens is not fully reflected in the value of biological assets. This can largely be attributed to the

Company’s conservative approach to stock valuation. The Company had a fair value adjustment of biological assets in FY2014 of \$36.1million for 11,653 tonnes compared to \$30.9million for 15,949 tonnes in FY2015.

The chart below provides a profit comparison for FY2014 against FY2015.

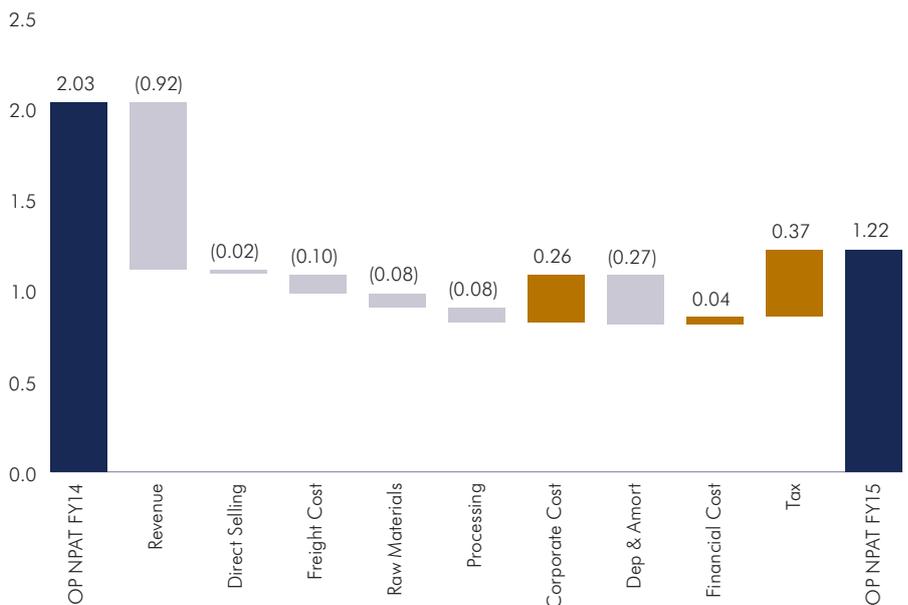
### Ratios

Operating cash flows continue to be strong despite a decrease in sales revenue and the influence of the \$11.0million tax payment following last year’s strong financial performance.

The low gearing ratio of 13.35% positions the Company to harness further opportunities to assist the Company to grow in line with market demand.

The implementation of the Controlled Growth Strategy has placed short-term downward pressure on Return on Assets (ROA) which is expected as the Company invests ahead of the curve to meet market demand. The inter-linked nature of the key projects that make up the Controlled Growth Strategy mean that it is only on completion that the full benefits can be realised.

Operating NPAT Comparison FY2014 – FY2015 (\$/kg)



## Operating and Financial Review

In providing an overview of the operating and financial results, the Directors remain confident that market fundamentals and the Company's long term sustainable profitability remain strong despite negative movements in market prices.

### Growing the Market

Driving profitable business growth, with a primary focus on the wholesale market channel, continues as the Company leverages strong and long-held customer relationships. This is balanced by a considered approach to optimising channel mix through strategic presence in retail, export and the emerging on-line channels. This considered approach is further complimented by the Company's expanded product innovation and development capabilities following the successful commissioning of its state-of-the-art Parramatta Creek Smokehouse and Product Innovation Centre. The new facility provides the Company with significant capacity and capability, coupled with high efficiency and food safety.

Huon's sales and marketing strategy continued to focus on driving profitable business growth with a primary focus on the wholesale market channel, and total sales revenue increased by 1.8% on the previous year despite challenging market conditions.

The combined impact of an increase in cheaper imports and availability of additional volumes from a good growing season locally, resulted in increased competition in the domestic market. In turn, this distorted all market channels (particularly in the second half of the year) and prices failed to recover to the levels expected for the full year.

Weakened prices from increased competition in the export sector, particularly in second half of FY2015, can reasonably be attributed to several factors including; the ban on Norwegian and Scottish salmon into Russia, and the Norwegian Government's increase of the industry's biomass cap as a result of the ban. These two factors, coupled with a good growing season, markedly increased supply in the export sector.

### Channel mix (% of total revenue)

	FY2015	FY2014
Wholesale	75%	84%
Retail	10%	10%
Export	15%	6%

#### Wholesale

Strong prices (\$/kg) in the first half of the year did not carry through to the second half. Huon was able to protect its wholesale market share, despite strong competition and weakening prices, with the support of its strong relationships in the wholesale sector and supported by marketing activities focussed on increasing consumption and driving Huon's share of the channel.

Huon's online distribution capabilities have also seen it focus on brand building at the luxury end of the market with the "Reserve Selection – Seriously Special Salmon" campaign and a campaign extension focussed on caviar delivering highly successful results, which have flowed into the second half of FY2015.

#### Retail

The business has taken a considered approach to balancing channel mix and a national fresh branded presence in a major retailer was successfully launched in the first half of FY2015 giving the Huon brand greater visibility to consumers.

The business will continue to grow its on-shelf branded retail presence through new product development capabilities and additional production capacity at the newly completed Parramatta Creek processing, smokehouse and product innovation facility.

#### Export

Throughout FY2015 Huon utilised existing as well as re-established export channels into key Asian markets in response to increased domestic competition and to distribute additional volume from stronger than expected production growth. However, the Russian ban on Norwegian and Scottish salmon also increased supply and therefore competition weakened export pricing.

In response to challenging domestic market conditions, the Company has developed new products aimed at displacing imports. The Company is also well placed to meet market demand following on from the good growing season experienced in next year's harvest fish.

### Growing Production and Operational Efficiency

The Company's Controlled Growth Strategy positions it to capitalise on long-term growth of the sector by securing capacity to grow with market demand. The full benefit of the Controlled Growth Strategy is not expected to be experienced until FY2018.

The Company's Controlled Growth Strategy continues to proceed on time and within budget. Several key operational initiatives are already demonstrating improvements in efficiency, production growth, quality and consistency at this early stage of implementation.

Impressively, the Company constructed and commissioned its Parramatta Creek Smokehouse and Product Innovation Centre in just 11 months. Already, the new facility has produced two new products and is expected to deliver cost savings of over \$1.0 million in its first full year of operation.

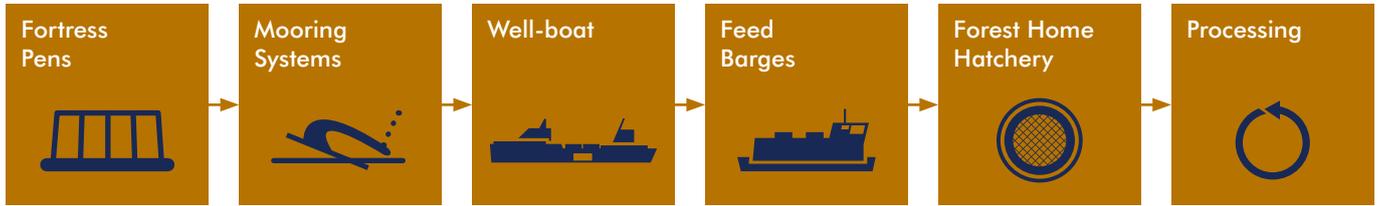
Stage 1 of the new Forest Home Hatchery was completed following an accelerated build schedule allowing the facility to accept its first batch of eggs in early FY2016. In addition, the Company completed the expansion and upgrade of the Springfield Hatchery.

The roll-out of the new Fortress Pens has continued to proceed in line with plan with 79% of farming operations using the new pen type. A marked reduction in mortalities and better growth rates is already being experienced in the new Fortress Pens. The roll-out is on target to reach completion in FY2016.

Whilst the implementation of the Controlled Growth Strategy has placed some short-term pressure on efficiency measures for the Company, over the long term it positions the Company to grow with market demand with efficiency measures expected to recover once the strategy is fully implemented.

# Chief Executive Officer's Report

## Controlled Growth Strategy Project Update



**Progress**

- Pen replacement program continues on time and budget
- Marked reduction in mortalities experienced in new Fortress Pens

**Progress**

- Mooring system upgrade and expansion project proceeding to schedule

**Progress**

- Continues to set new bathing records
- Has enabled successful bathing at Storm Bay as well as bathing in and out of new Fortress Pens

**Progress**

- First three feed barges demonstrating very promising early growth results in next year's harvest fish

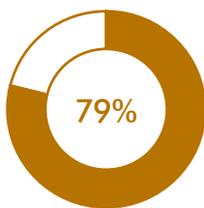
**Progress**

- Stage 1 of construction completed on time
- Budget overrun due to increased scope in wastewater treatment and increased water quality parameters which supports future capacity

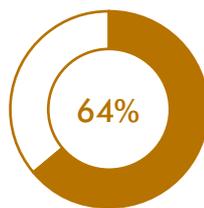
**Progress**

- Parramatta Creek Smokehouse and Product Innovation Centre completed, improved capability and capacity to service retail market, and is expected to deliver \$1.0 million in cost savings in FY2016
- Negotiating \$1.0 million acquisition of processing facility in Sydney to improve freshness to market and deliver logistical efficiencies

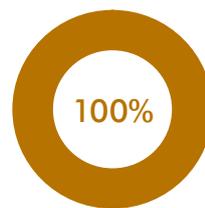
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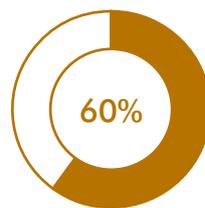
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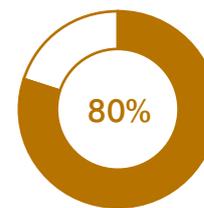
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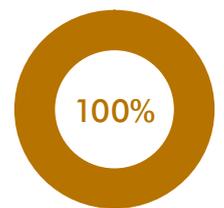
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On time



On budget



On budget



On budget



On budget



On budget



On budget



## Growing Safely and Sustainably

Huon continues to focus on safety through the 'Safety First' staff culture program whilst also implementing its Controlled Growth Strategy.

### Safety Indicators

	FY2015
<b>Loss Time Injury Frequency Rate (LTIFR)</b> (Number of injuries per 1,000,000)	27
<b>Average Lost Time Rate (ATLR)</b> (Days lost per injury)	19
<b>Incident rate (IR)</b> (Number of injuries per 100 Employees)	5

The Loss Time Injury Frequency Rate (LTIFR) is a marked improvement on the previous year however it also shows that the Company needs to remain focussed on safety improvements.

The Company experienced a 32% reduction in slips, trips and falls (the number one injury category for the Company) across all pen types, which is largely attributable to the roll-out of its new Fortress Pens.

In addition, Huon has increased the Safety Team from 3 to 6 people and

is implementing "Elected Health and Safety Representatives" for all sites and teams with Company-wide safety training undertaken.

The Company has completed the roll-out of Stage 1 of its health and wellbeing program, with the program already receiving an award for Best Practice – Business and Enterprise LIFE, from the Tasmanian Suicide Prevention Community Network for work with staff on mental health.

Sustainability and environmental measures continued to be a priority for Huon, with significant time invested in community consultation and the refinement of systems and procedures directed at positive environmental and animal welfare outcomes across the board.

In the first half of FY2015 Huon achieved renewal of its Global G.A.P. accreditation and continued to communicate its sustainability credentials across all areas of the business via its online Sustainability Dashboard. The Dashboard continues to receive 'virtual' visitation from around the world and has resulted in a significant decrease in the amount of additional queries directed to the Company around specific environmental, farming and animal welfare measures.

Throughout the year Huon also continued to work towards Aquaculture Stewardship Council accreditation through its membership of the Global Salmon Initiative.

## Responding to challenges and risk management in FY2015

Improving already sound asset management, governance and risk management systems throughout the year provide the strong foundation for the Company to continue to move toward its goals of; growing the market, growing production and operational efficiency, and growing safely and sustainably.

Huon's Risk Management policy and comprehensive risk register guide the Company's risk management and decision making.

There are a number of factors, both specific to Huon and of a general nature, which may threaten both the future operating and financial performance of the Company and the outcome of an investment in Huon. There can be no guarantee that Huon will achieve its stated objectives or that forward looking statements will be realised. The operating and financial performance of Huon is influenced by a variety of general economic and business conditions. A prolonged deterioration in general economic conditions may have an adverse impact on the Consolidated Group's business or financial condition. The key challenges and risks specific to the business of Huon, and how Huon manages these risks, are set out below.

Challenge/Risk	Response
<b>Challenge of Increased imports</b>	<ul style="list-style-type: none"> <li>– New products targeting import product displacement</li> <li>– Targeted export into profitable Asia and Pacific markets</li> <li>– Implemented cost control and efficiency measures across business</li> </ul>
<b>Agricultural Risk</b> (e.g. disease, algae)	<ul style="list-style-type: none"> <li>– Controlled Growth Strategy and future lease expansion program</li> <li>– Huon Method of farming</li> <li>– Selective breeding program</li> <li>– Higher energy marine farm lease sites</li> </ul>
<b>Environmental Risk</b> (e.g. predator, seasonal, fresh water)	<ul style="list-style-type: none"> <li>– New pens significantly reducing wildlife interactions</li> <li>– Controlled Growth Strategy projects delivering environmental improvements</li> <li>– Reducing reliance on more sensitive growing sites in Macquarie Harbour</li> </ul>
<b>People &amp; Safety Risk</b> (e.g. food safety, people safety)	<ul style="list-style-type: none"> <li>– New pens provide safer working platform.</li> <li>– Safety culture training</li> <li>– An 'Employer of Choice'</li> </ul>

# Chief Executive Officer's Report

## Financial Review

### Income Statement Extract

	Actual FY2015	Actual FY2014	Prospectus FY2015
Harvest volume (HOG t)	16,536	15,156	16,680
Revenue	191.7	188.4	214.8
Revenue \$/HOG kg	11.6	12.4	12.9
Statutory EBITDA	35.2	59.2	54.1
Operating EBITDA*	40.5	54.7	51.9
Margin (%)	21.1	29.0	24.5
Statutory EBIT	25.8	51.1	44.8
Operating EBIT	31.1	46.6	42.6
Margin (%)	16.2	24.8	19.8
Statutory NPAT	16.6	33.8	28.8
Operating NPAT**	20.3	30.6	27.2
Margin (%)	10.6	16.3	12.7

\*Operating EBITDA is a non-IFRS financial measure which is used to measure business performance and excludes fair value adjustment and related tax impact

\*\*Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact

Huron delivered a profit of \$40.5million (Operating EBITDA)(Statutory EBITDA of \$35.2million) and \$20.3million (Operating NPAT) (Statutory NPAT of \$16.6million).

Sales revenue was up 1.8% on previous year however strong pricing in the first half of FY2015 did not carry through as a result of increased competition following increases in imports during a key trading period.

Despite challenging market conditions during the second half of the year, the Company's harvest tonnage grew by 9% compared to the prior year and is consistent with the Prospectus.

Implementation of the Controlled Growth Strategy continues to proceed smoothly and remains on time and on budget however it placed some short-term downward pressure on profit measures.

**Balance Sheet Extract**

	<b>FY2015</b>	<b>FY2014</b>
<b>ASSETS</b>		
Total current assets	205.5	153.4
Total non-current assets	199.1	107.1
Total assets	404.6	260.5
<b>LIABILITIES</b>		
Total current liabilities	70.3	53.6
Total non-current liabilities	83.0	97.0
Total liabilities	157.5	150.6
Net assets	247.1	109.9

The Company's experienced strong performance of underlying biological assets from a good growing season and performance of the new Fortress Pens with biological assets valued at \$151.8 million for FY2015 compared with \$122.8 million in FY2014.

Total weight of live fish at sea was 15,949 tonnes with a cost per kilogram of \$7.58 compared to FY2014 which was 11,653

tonnes and \$7.44 cost per kilogram in line with expectations as per the Company's Prospectus.

Close management of trade working capital (stock and trade debtors and creditors) and cost control measures protected the Company's cash position throughout the year despite challenging market conditions.

**Cash Flow Extract**

	<b>Actual FY2015</b>	<b>Actual FY2014</b>
<b>Cash flows from operating activities</b>		
Net cash inflow/(outflow) from operating activities	17.3	42.9
<b>Cash flows from investing activities</b>		
Net cash inflow/(outflow) from investing activities	(105.1)	(44.8)
<b>Cash flows from financing activities</b>		
Net cash inflow/(outflow) from financing activities	99.4	2.4
Net increase/(decrease) in cash held	11.58	0.43
Cash and cash equivalents at beginning of financial year	2.22	1.79
<b>Cash and cash equivalents at end of financial year</b>	<b>13.80</b>	<b>2.22</b>

The Company completed the year with low gearing of 13.4% and net debt of \$33.0 million. This is underpinned by the solid operating cash flow of \$17.3 million which positions the Company to deliver the Controlled Growth Strategy as planned.

The Company has successfully renewed all banking facilities during the financial year and continues to experience the support of its major lenders, Rabo Bank and Commonwealth Bank.

# Chief Executive Officer's Report

## Strategy and outlook for the full year to 30 June 2016

### Market Overview

Pricing in both the domestic wholesale and export markets has been volatile in recent months however indicators, such as the NASDAQ Salmon Index, vaccine use and smolt intakes globally, suggest that supply is tightening and pricing is likely to improve as a result.

Working toward the business strategy in the year ahead:

### Growing the Market:

The Company will focus on returning the equilibrium to the domestic market through displacement of imports, and through targeted export opportunities which will see the Company's exports at around 15% of total revenue.

However, in the near term, the ongoing presence of volume imports is likely to keep pricing from recovering to the levels experienced in the first half of FY2015. As a result, the Company will continue to focus on its channel optimisation plan to ensure maximum possible revenue is achieved.

The channel optimisation plan directly feeds into product development. Consumer-led product development is expected to be a feature for the year and will demonstrate the capacity and capability of the Company's new Product Innovation Centre and Smoke House, which was completed and commissioned in FY2015.

In addition, the acquisition of new processing facilities closer to markets on the eastern seaboard is anticipated to further optimise freshness to market and deliver logistical efficiencies in FY2016.

To support this, the Company will continue to optimise its channel mix through targeted, profitable product placement in all sectors, including growth of its online segment and targeted exports into profitable Asian markets. Given the global market outlook, Huon considers targeted exports of large fish will deliver good returns.

### Growing Production and Operational Efficiency

The strong performance in underlying biological assets positions the Company to capitalise on market growth in FY2016.

The Controlled Growth Strategy will continue to be implemented in FY2016. Projects expected to reach completion are;

- Forest Home Hatchery completed
- New "Fortress Pen" roll-out – 100% coverage across all farm sites
- New mooring systems completed
- Two new Feed Barges
- Farming at reconfigured Storm Bay leases commenced

To maximise the use and effectiveness of the assets, Huon will move progressively towards a zonal farming model in the first half of FY2016. This is expected to standardise efficiency gains and improve overall farm productivity.

The new structure coupled with new feed technology, such as pellet recognition software, is also expected to deliver improvements in feed conversion ratios (FCR) and fish quality.

Production increases will be supported by the new Forest Home Hatchery which will increase available supply of high quality smolt for the 2016 year class (2017 harvest fish). This will also allow all other Huon hatcheries to increase smolt size, which typically translates into larger harvest fish. In addition, the new Springfield broodstock facility, also completed this year, will allow larger, earlier smolt to be produced.

### Growing Safely and Sustainably

Managing Huon safely and sustainably includes mitigation of key risks to the business.

### Safety

The safety of our people is paramount and through the Company's "Safety First" program the Company will focus on continuous safety improvements and is specifically targeting a reduction of 35% in LTIFR.

Further reductions are anticipated in the Company's number one injury category of "slips, trips, and falls" following the completed roll-out of the New Fortress Pens.

Importantly, the Company will undertake a safety improvement project, to improve the safe use of capstans. Capstan injuries, although less frequent, are usually more severe in their impact.

The Company will also work towards certification to Australian Standard 4801 in FY2016.

### Fish health and performance

Treating Amoebic Gill Disease (AGD) through fresh water bathing is a significant cost of production. AGD can impede growth rates and compromise fish health. In FY2016, the Company will be undertaking fish health trials at the new Experimental Aquaculture Facility (EAF) that was commissioned in FY2015. In addition, the Company is also actively participating in an international collaboration on AGD research.

The Company will also assist in the development of a 5-year research plan for the Aquatic Animal Health and Vaccine Centre.

The industry selective breeding program also plays a significant role in long-term fish health and performance. The Company is already experiencing the benefits of the program which are expected to continue throughout FY2016.

In addition, the use of the Company's well-boat is reducing stress associated with handling the fish and increasing the rate of bathing is further improving fish health and welfare.

### **Environmental risk**

The quality of the environment in which we grow our fish directly contributes to the quality of the fish produced.

The focus of environmental initiatives in FY2016 will be; water conservation and re-use, and organic waste utilisation.

For example, using the Company's well-boat for fish bathing is decreasing freshwater use considerably through the re-use of freshwater for multiple baths.

By delivering a suite of projects to improve these areas, the Company expects to decrease fresh-water use in farming operations, and unlock value from utilisation of fish and organic net waste.

In addition, Huon is investing and participating in several research projects that will assist the Company to continue improving its understanding of the environment including; intertidal macro-algae, and reef biology and ecology. The Company will also continue to contribute to the on-going and world renowned Broadscale Environmental Monitoring Program (BEMP).

In FY2016 Huon expects to maintain its Global GAP and BRC accreditation and will continue to participate in the Global Salmon Initiative whilst working toward ASC accreditation. In addition, the Company will unveil its Sustainability Dashboard 2.0 that will continue to break new ground in sustainability communication.

### **Community and stakeholder engagement**

Huon will also continue to engage meaningfully with communities and stakeholders throughout the year and will proactively participate in and lead initiatives to improve communication and information sharing.

### **Employees**

Supporting employees to reach their full potential through a range of strategies including both formal and informal processes will continue in FY2016. This will be driven through initiatives such as; Huon's Leadership Program, formal implementation of the Hay Grading system and work place performance assessment, as well as a wide ranging training program.

Huon's leadership development program will continue throughout FY2016 with a specific focus on practical application. In addition, the Company will also be developing a mentoring program for new leaders and high-potential employees in FY2016.

Huon will continue to work towards improving female work-place participation in areas of the business with less than 20% participation in line with the Company's Diversity policy and objectives.



**Peter Bender**  
Managing Director and  
Chief Executive Officer

## Board of Directors



**PETER MARGIN** B.Sc., MBA  
(Chairman)

Peter has many years of leadership experience in major Australian and international food companies.

His most recent role was Chief Executive Officer of ASX-listed company Goodman Fielder Limited and before that Peter was Chief Executive Officer and Chief Operating Officer of National Foods Limited.

Peter has also held senior management roles in Simplot Australia Limited, Pacific Brands Limited, East Asiatic Company and HJ Heinz Company Australia Limited.

Peter is currently a non-executive director of ASX-listed companies Bega Cheese Limited, PMP Limited, Pact Limited, Nufarm Limited, and Costa Group Holdings Limited.

Peter is a former Executive Director of ASX-listed Goodman Fielder Limited (2005-2011) and former Chief Executive Officer and Chief Operating Officer of National Foods Ltd (1997–2005)



**PETER BENDER**  
(Managing Director and  
Chief Executive Officer)

Founder of Huon with over 29 years' experience in fish farming operations.

Peter is responsible for the leadership, operations and strategic direction of Huon and has always been committed to delivering high quality salmon that is raised responsibly. He sets business strategy and leads the executive team to deliver growth.

He is well recognised for farming innovation both in Australia and internationally and his extensive knowledge of aquaculture coupled with a strong continuous improvement ethic is the foundation on which Huon's success is built.

He is a director of the TSGA and Salmon Enterprises of Tasmania Pty Ltd.



**FRANCES BENDER**  
(Non-independent Executive Director)

Founder of Huon with over 29 years' experience in fish farming operations.

Frances has been instrumental in the design of the Huon brand and its marketing direction and continues to be responsible for these areas.

Frances' former directorships and committees include board member of Tasmanian Aquaculture and Fisheries Industry, member of the Huon Valley Economic Development Advisory Committee, member of Huon Valley Council Rural Health Advisory Committee, member of Tasmanian Food Industry Council and member of Tasmanian Regional Reference Group – South.



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**NEIL KEARNEY B.Ec.**  
(Independent Non-executive Director)

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Neil has significant leadership experience in major Australian and international food companies with senior roles at Goodman Fielder Limited and National Foods Limited.

Neil's most recent role was Chief Strategy Officer of ASX-listed company Goodman Fielder Limited from 2011 – 2014 and before that he was Chief Executive Officer and Managing Director of Warrnambool Cheese & Butter Factory Co. Holdings Limited from 2007 – 2009.

Neil has previously been a board member for Warrnambool Cheese & Butter Factory Co. Holdings Limited as well as being a Director of National Foods Holdings Ltd 2005 – 2007 and Vitasoy Australia Products Pty Ltd 1999 – 2007.



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**SIMON LESTER CA, BCom, MAppFinInv**  
(Non-independent, Non-executive Director)

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Simon has been an adviser to Huon since 1994, with extensive experience within the salmon industry.

He has 30 years' experience in corporate finance and corporate tax, having advised the Tasmanian Government and State owned business enterprises.

His former roles include Partner at Deloitte Touche Tohmatsu and PBS Partners as well as senior management roles at Price Waterhouse and KPMG.

He is a member of Financial Services Institute of Australasia, Institute of Chartered Accountants in Australia, The Tax Institute and Australian Risk Policy Institute.

# FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2015



# Corporate Governance Statement

Huon is committed to ensuring high standards of corporate governance.

Strong corporate governance is an important aspect of ensuring that Huon creates sustainable long-term value for its shareholders.

The Board of Directors believes that Huon's policies and practices comply in all material respects with the 3rd edition of the ASX Corporate Governance Council Principles and Recommendations, with the exception of Recommendations 2.4 and 7.3 for the reasons described in the table below.

This Corporate Governance Statement has been approved by the Huon Board of Directors.

## Principle 1: Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

	Reference material	Compliance
<p><b>1.1 Role of the board what the board does and what management does</b></p> <p><b>Recommendation:</b> A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.</p> <p><b>Comment:</b> The Board is responsible for the overall operation and stewardship of the Company and, in particular, for the long-term growth and profitability of the Company, the strategies, policies and financial objectives of the Company, and for monitoring the implementation of those policies, strategies and financial objectives, including the responsibilities set out in the Board Charter.</p> <p>The Board has also developed a Delegated Authority Policy which outlines the reserve and delegated responsibilities of the Board and the responsibilities of the Senior Executive when delegated authority.</p> <p>The CEO and Senior Executives are responsible for matters primarily relating to the day-to-day operations and management of the Company and are accountable to the Board.</p>	Board Charter	Yes
<p><b>1.2 Undertake checks of prospective directors, provide to shareholders all material information</b></p> <p><b>Recommendation:</b> A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p> <p><b>Comment:</b> Guidelines for the appointment and check of prospective directors are outlined in the Board Charter.</p> <p>There have been no vacancies for the Board in the reporting period.</p>	Board Charter	Yes
<p><b>1.3 Written agreement with each directors and senior executives</b></p> <p><b>Recommendation:</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> <p><b>Comment:</b> The Company has written agreement with each person appointed as a Director setting out the terms of their appointment.</p> <p>Senior Executives are also engaged under a written agreement setting out the terms of their employment.</p>	Board Charter Executive and KMP Contracts	Yes

# Corporate Governance Statement

continued

	Reference material	Compliance
<b>1.4 Company Secretary accountable directly to the Board</b>	Board Charter	Yes

## Recommendation:

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

## Comment:

The Company Secretary is accountable to the Board, through the Chairperson of the Board, on all matters to do with the proper functioning of the Board and Board Committees.

<b>1.5 Diversity policy</b>	Diversity Policy	Yes
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## Recommendation:

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
  - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

## Comment:

The Company's Diversity Policy was adopted by the Board on 3rd October 2014 and can be accessed at <http://investors.huonaqua.com.au/investors/?page=Corporate-Governance>. The Policy reflects the Company's forward thinking and dynamic approach which holds its people in the highest esteem and considers them to be its greatest asset. Huon's workforce is made up of many individuals with diverse skills, values, experiences and backgrounds and the Company is committed to supporting and further developing this diversity through attracting, recruiting, engaging and retaining diverse talent and aligning its culture and systems with this commitment.

The Company believes that commitment to diversity creates competitive advantage and enhances employee participation which is essential to the success of the business. As per the prospectus, the Board set its measurable objectives as required by the Diversity Policy on the 3rd October 2014 and ASX Recommendation 1.5(a). The aim of these objectives is to create an environment conducive to the appointment of well qualified and experienced Board members, Executives, Senior Management team as well as other management employees critical to the success of the Company.

## Diversity Measurable Objectives

- (a) Establishment of a Flexible Work Practices Policy
- (b) Present diversity data on Huon's Sustainability Dashboard
- (c) Ensure appropriately qualified and relevantly experienced women are considered at short list stage for Board appointments
- (d) Progressively increase female representation where the business unit is less than 20% with specific focus on operational areas
- (e) Progressively increase female participation in Huon's Leadership Education & Development Programs
- (f) Align selection practices to deliver an equal mix of male & females students for school based apprenticeships

## Progress with Diversity Measurable Objectives

There has been stable progress towards achieving our diversity objectives and the Company's aim is to ensure appropriate systems are in place that will assist progress towards the achievement of the objectives. This may include structured programs to support employees from early career stages in developing the necessary skills and relevant experience for leadership roles.

Progress for this reporting period is as follows:

- (a) Huon's Flexible Work Practices Policy has been drafted and will be submitted to the RNC for review and approval
- (b) Data specific to gender split is included in the Company's Sustainability Dashboard
- (c) There were no vacancies for the Board in the reporting period however Huon's Board includes an industry prominent and well experienced female Executive Director.

# Corporate Governance Statement

continued

	Reference material	Compliance
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(d) Female representation increased by 1% in our farming operations and 9% in our projects operations

(e) Senior leaders held talent development conversations with high potential females resulting in a 10.5% female participation rate in Huon's Leadership Education & Development Program

(f) Diversity orientated selection practices supported a 14% participation rate in the Australian School Based Apprenticeships Program

The Company continues to prioritise merit and competency base selection criteria at the same time recognising diversity in each application of its recruitment and promotion methods. The Company anticipates a long and steady increase in female workforce proportion particularly in relevant key roles and as such has not set a gender target.

## Diversity Outcomes

> 20% female proportion on the Board

> 0% Key Management Personnel & Senior Management

> 13% female proportion Management

> 10.5% female participation in Huon's Leadership Education & Development Program

> 14% female participation in Huon's Australian School Based Apprenticeship Program

> 20% female proportion Company wide

## Workplace Gender Equality Agency WGEA Report

The Company lodged its annual public report with the Workplace Gender Equality Agency (WGEA) including gender pay equity and achieved compliance status.

## 1.6 Performance evaluation – Board and Committees

Board Charter

No

### Recommendation:

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

### Comment:

The role of the Board as set out by the Board Charter requires an annual evaluation of the performance of the Board, each Board Committee and individual Directors, comparing their performance with the requirements of this Charter, relevant Board Committee Charters and the reasonable expectations of individual Directors.

A performance evaluation of the Board, each Board Committee and individual Directors was not conducted in the reporting period due to the listing of the consolidated entity part way through the period.

It is the company's intention to conduct its first annual evaluations in FY2016, the company's first full year as a listed entity.

## 1.7 Performance evaluation – Senior Executives

Yes

### Recommendation:

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

### Comment:

The performance evaluation of Senior Executives is conducted by the CEO. The performance evaluation of the CEO is conducted by the Board. The guidelines which relate to the performance evaluation of Senior Executives are included within written employment agreements.

Performance evaluations have been conducted for all Senior Executives by the CEO in the reporting period.

# Corporate Governance Statement

continued

## Principle 2: Structure the board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

	Reference material	Compliance
	Board Charter	
	Remuneration & Nomination Committee Charter	Yes

### 2.1 Remuneration and Nomination Committee

#### Recommendation:

The board of a listed entity should:

(a) have a nomination committee which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director, and disclose:
  - (3) the charter of the committee;
  - (4) the members of the committee; and
  - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

#### Comment:

The Board has established a Remuneration & Nomination Committee. The Remuneration & Nomination Committee Charter outlines the responsibilities of the Committee, with the committee chaired by an independent non-executive director and consists of three non-executive Directors.

### 2.2 Composition of Board

	Board Charter	Yes
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#### Recommendation:

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

#### Comment:

The Constitution of the Company provides that the number of Directors must at any time be no more than 10 and no less than 3. The Board is currently comprised of 5 Directors, being three non-executive Directors, one executive Director and the CEO.

The Company actively seeks a variety of skills, experience and expertise to ensure the Board can meet its current and future needs.

The Directors of the Board bring together extensive expertise in relation to all areas of the day-to-day and commercial elements of the Company. More information on each Director can be found in the Directors Report. The composition of the Board is outlined in the Board Charter.

### 2.3 Independence of Board

	Board Charter	Yes
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#### Recommendation:

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

#### Comment:

The roles of Chairman and Chief Executive Officer are exercised by separate individuals.

Mr Peter Margin is the Chairman of the Board and Mr Peter Bender is the Chief Executive Officer and Managing Director.

# Corporate Governance Statement

continued

	Reference material	Compliance
	Board Charter	
	Huon Aquaculture Prospectus	No

## 2.4 Majority of Board Independent

### Recommendation:

A majority of the board of a listed entity should be independent directors.

### Comment:

The Board does not consist of a majority of Directors who are considered to be independent. The Board believes that each of the non-executive Directors brings objectivity. Peter Margin and Neil Kearney are seen as independent. Simon Lester is not seen as independent due to his long standing relationship as an advisor to the Company. Each of the non-executive Directors makes individual contributions to the Company through their deep understanding of Huon's business. Consequently, having considered Huon's immediate requirements as it has transitioned to an ASX-listed company, the Directors are satisfied that the composition of the Board reflects an appropriate range of skills, expertise and experience for the Company.

The Directors are satisfied that, notwithstanding that the Board does not consist of a majority of Directors who are considered to be independent, there is no individual or group of individuals who dominate the Board's decision-making, and that the current composition of the Board maximises the likelihood that the decisions of the Board will reflect the best interests of the Company and its shareholders.

## 2.5 Chair of Board Independent

### Recommendation:

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

### Comment:

The Chairman of the Board, Mr Peter Margin is an independent Director.

	Remuneration and Nomination Committee Charter	Yes
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## 2.6 Induction of Directors

### Recommendation:

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

### Comment:

The induction of Directors is the role of the Remuneration and Nomination Committee and is outlined in the Committee Charter.

## Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly

### 3.1 Code of conduct

#### Recommendation:

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

#### Comment:

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's strongly believes that its reputation as an ethical business organisation is important to its ongoing success.

The Board has adopted a Code of Conduct which applies to all Directors and employees of the company and where relevant and to the extent possible, consultants, secondees and contractors of the Company.

The Code addresses issues including; ethics, personal and business conduct, conflicts of interest, mutual respect and business agreements and contracts.

	Code of Conduct	Yes
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# Corporate Governance Statement

continued

## Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

	Reference material	Compliance
<b>4.1 Audit and Risk Management Committee</b>	Audit & Risk Management Committee Charter	Yes

### Recommendation:

The board of a listed entity should:

(a) have an audit committee which:

- (1) has at least three members, all of whom are non executive directors and a majority of whom are independent directors; and
- (2) is chaired by an independent director, who is not the chair of the board, and disclose:
  - (3) the charter of the committee;
  - (4) the relevant qualifications and experience of the members of the committee; and
  - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

### Comment:

The Audit & Risk Management Committee has been established to assist the Board of the Company in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process and internal control structure, risk management systems (financial and non-financial), and the internal and external audit process. Accordingly the Committee meets on a regular basis to:

- > Review and approve internal audit and external audit plans;
- > Update the internal and external audit plans;
- > Review and approve financial reports; and
- > Review the effectiveness of the Company's compliance and risk management functions.

The Committee consists of three non-executive Directors and a majority of independent Directors.

<b>4.2 CEO and the CFO provide assurance to the Board</b>	Yes
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### Recommendation:

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### Comment:

The CEO and CFO respectively provide this assurance to the Board.

<b>4.3 External Auditor attends the AGM</b>	Yes
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### Recommendation:

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

### Comment:

The Company's external auditor attends the Company's AGM and is available to answer questions.

# Corporate Governance Statement

continued

## Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

	Reference material	Compliance
<b>5.1 Continuous disclosure</b>	Continuous Disclosure Policy	Yes

### Recommendation:

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

### Comment:

The Company is committed to effective communication with its customers, shareholders, market participants, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Company will ensure that all stakeholders, market participants and the wider community are informed of its activities and performance.

Subject to the ASX Listing Rules, the Company will make publicly available all information to ensure that trading in its shares takes place in an efficient, competitive and informed market.

The Board has adopted a Continuous Disclosure Policy to ensure the Company complies with all disclosure obligations.

## Principle 6: Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

	Reference material	Compliance
<b>6.1 Information about Huon and its governance to investors</b>	Communications Policy Huon Aquaculture website Huon Aquaculture Sustainability Dashboard Continuous Disclosure Policy	Yes

### Recommendation:

A listed entity should provide information about itself and its governance to investors via its website.

### Comment:

The Board have adopted a Communications Policy which is designed to ensure that the Company:

- (a) provides timely and accurate information equally to all shareholders and market participants regarding the Company including its financial situation, performance, ownership, strategies, activities and governance; and
- (b) adopts channels for disseminating information that are fair, timely and cost efficient.

This information is made available through:

- (a) The Company's website and investor website;
- (b) The Huon Aquaculture Sustainability Dashboard;
- (c) Briefings and the investor relations program;
- (d) The media;
- (e) Continuous disclosure to the ASX;
- (f) Company meetings; and
- (g) The Annual Report.

# Corporate Governance Statement

continued

	<b>Reference material</b>	<b>Compliance</b>
The Annual Report (which will be available on the Company's website) contains this Corporate Governance Statement to provide information to the Company's investors about its governance.		
In addition, the Company's KMP have also undertaken training in Continuous Disclosure in FY 2016.		

<b>6.2 Investor relations program</b>	Communications Policy	Yes
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**Recommendation:**

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

**Comment:**

The Deputy-CEO of the Company leads the investor relations program. A key component of leading this program is ongoing availability.

The Communications Policy is an integral element of the investor relations program, and is detailed above in section 6.1.

<b>6.3 Policies and processes to facilitate and encourage participation at meetings of security holders</b>	Communications Policy	Yes
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**Recommendation:**

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

**Comment:**

The Company strongly encourages all security holders to attend meetings and uses and relies on its Communications Policy to ensure awareness and accessibility of those meetings. Furthermore, security holders are able to submit questions prior to the Annual General Meeting if they are unable to attend.

<b>6.4 Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically</b>	Huon Aquaculture website	Yes
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**Recommendation:**

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

**Comment:**

Security holders are able to receive and send communications to the entity and its security registry electronically via the Link Investor Centre.

Security holders are also able to sign up for regular email alerts which include notification of announcements, reports, presentations and summaries.

Both email alerts and the Link Investor Centre can be accessed via the Investor section of the Company website.

## Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

	<b>Reference material</b>	<b>Compliance</b>
<b>7.1 Audit &amp; Risk Management Committee</b>	Audit & Risk Management Committee Charter	Yes

**Recommendation:**

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director, and disclose:

# Corporate Governance Statement

continued

	Reference material	Compliance
(3) the charter of the committee;		
(4) the members of the committee; and		
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		

**Comment:**

The Board has established an Audit & Risk Management Committee. The Committees primary responsibilities include financial reporting and risk assessment, including the identification and management of risks as they relate to:

- (a) Operational and environmental risk
- (b) Workplace health and safety management; and
- (c) Financial risk.

The Committee consists of three non-executive Directors and a majority of independent Directors.

	Risk Management Policy	
	Audit & Risk Management Committee Charter	
<b>7.2 Review Huon's risk management framework</b>		Yes

**Recommendation:**

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

**Comment:**

The Risk Management Policy and risk management framework are reviewed on an annual basis.

	Risk Management Policy	
	Audit & Risk Management Committee Charter	
<b>7.3 Internal Audit function</b>		No

**Recommendation:**

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

**Comment:**

The Company does not have an internal audit function due to the nature and size of the Company and the extent of its risk management framework. The Company currently relies on oversight by management and the Board to ensure compliance with the Company's Risk Management Policy. However, the Audit & Risk Committee has reviewed whether to introduce an internal audit function and the intention is to enact that decision in FY2016. In addition, the Company has considered use of third parties to further support the internal audit function and intends to enact the decision in FY2016.

# Corporate Governance Statement

continued

	Reference material	Compliance
<b>7.4 Management of material exposure to economic, environmental and social sustainability risks</b>	Risk Management Policy	Yes

**Recommendation:**

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

**Comment:**

Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies.

The Board adopted a Risk Management Policy which outlines processes regular assessment and identification of risks as well as providing a management and response framework.

## Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

	Reference material	Compliance
<b>8.1 Remuneration and Nomination Committee</b>	Remuneration & Nomination Committee Charter	Yes

**Recommendation:**

The board of a listed entity should:

(a) have a remuneration committee which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director, and disclose:
  - (3) the charter of the committee;
  - (4) the members of the committee; and
  - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

**Comment:**

The Board has established a Remuneration & Nomination Committee. The Remuneration & Nomination Committee Charter outlines the responsibilities of the Committee, with the committee chaired by an independent non-executive director and consists of three non-executive Directors (the majority of the Committee members therefore being independent directors).

The Remuneration and Nomination Committee (the Committee) is responsible, amongst other things, for assisting the Board to determine the appropriate remuneration for directors and senior management.

In addition, the Company has sought advice from Pricewaterhouse Coopers in relation to the development of appropriate incentive plans for KMP.

# Corporate Governance Statement

continued

	<b>Reference material</b>	<b>Compliance</b>
<b>8.2 Policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives</b>	Remuneration & Nomination Committee Charter Remuneration Policy	Yes

**Recommendation:**

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

**Comment:**

The Board adopted a Remuneration Policy which aims to:

- > Ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of directors and management who will create value for shareholders;
- > Fairly and responsibly reward directors and senior management having regard to the Company's performance, the performance of the senior management and the general pay environment; and
- > Comply with all relevant legal and regulatory provisions.

	<b>Reference material</b>	<b>Compliance</b>
<b>8.3 Equity-based remuneration</b>	Remuneration & Nomination Committee Charter Remuneration Policy	Yes

**Recommendation:**

A listed entity which has an equity based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

**Comment:**

Both the Remuneration & Nomination Charter and the Remuneration Policy contain oversight regarding equity-based remuneration.

# Directors' Report

The Directors of Huon submit the annual financial report of the consolidated entity consisting of the Company and the entities it controlled (Consolidated Group) for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

## DIRECTORS

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

**Mr Peter Margin**  
(Chairman since 5 August 2014)

**Mr Peter Bender – Chief Executive Officer**  
(Director since 26 May 2005)

**Mrs Frances Bender**  
(Director since 26 May 2005)

**Mr Neil Kearney**  
(Director since 5 August 2014)

**Mr Simon Lester**  
(Director since 4 August 2014)

Each of the directors held office from the date of appointment noted above and continue in office at the date of this report.

## INFORMATION ON DIRECTORS

### Particulars of Directors' interests\*

#### PETER MARGIN B.Sc., MBA (Chairman)

##### Special Responsibilities

Independent Non-executive Director  
Chairman of the Remuneration and Nomination Committee  
Member of the Audit and Risk Management Committee

##### Qualifications and experience

Peter has many years of leadership experience in major Australian and international food companies.

His most recent role was Chief Executive Officer of ASX-listed company Goodman Fielder Limited and before that Peter was Chief Executive Officer and Chief Operating Officer of National Foods Limited.

Peter has also held senior management roles in Simplot Australia Limited, Pacific Brands Limited, East Asiatic Company and HJ Heinz Company Australia Limited.

Peter is currently a non-executive director of ASX-listed companies Bega Cheese Limited, PMP Limited, Pact Limited, Nufarm Limited, and Costa Group Holdings Limited.

Peter is a former Executive Director of ASX-listed Goodman Fielder Limited (2005-2011) and former Chief Executive Officer and Chief Operating Officer of National Foods Ltd (1997-2005).

##### ORDINARY SHARES:

Direct shareholdings:	Nil
Indirect shareholdings:	6,316
<b>Total shareholdings:</b>	<b>6,316</b>

#### PETER BENDER (Managing Director and Chief Executive Officer)

Founder of Huon with over 28 years' experience in fish farming operations.

Peter is responsible for the leadership, operations and strategic direction of Huon and has always been committed to delivering high quality salmon that is raised responsibly. He sets business strategy and leads the executive team to deliver growth.

He is well recognised for farming innovation both in Australia and internationally and his extensive knowledge of aquaculture coupled with a strong continuous improvement ethic is the foundation on which Huon's success is built.

He is a director of the TSGA and Salmon Enterprises of Tasmania Pty Ltd.

##### ORDINARY SHARES:

Direct shareholdings:	14,848,477
Indirect shareholdings:	44,587,252
<b>Total shareholdings:</b>	<b>59,435,729</b>

# Directors' Report

continued

## Particulars of Directors' interests\*

### FRANCES BENDER (Non-independent Executive Director)

Founder of Huon with over 28 years' experience in fish farming operations.

Frances has been instrumental in the design of the Huon brand and its marketing direction and will continue to be responsible for these areas after ASX listing.

Frances' former directorships and committees include board member of Tasmanian Aquaculture and Fisheries Industry, member of the Huon Valley Economic Development Advisory Committee, member of Huon Valley Council Rural Health Advisory Committee, member of Tasmanian Food Industry Council and member of Tasmanian Regional Reference Group – South.

#### ORDINARY SHARES:

Direct shareholdings: 5,794

Indirect shareholdings: 44,587,252

**Total shareholdings: 44,593,046**

### NEIL KEARNEY B.Ec. (Independent Non-executive Director)

Chairman of the Audit and Risk Management Committee  
Member of the Remuneration and Nomination Committee

Neil has significant leadership experience in major Australian and international food companies with senior roles at Goodman Fielder Limited and National Foods Limited.

Neil's most recent role was Chief Strategy Officer of ASX-listed company Goodman Fielder Limited from 2011 – 2014 and before that he was Chief Executive Officer and Managing Director of Warrnambool Cheese & Butter Factory Co. Holdings Limited from 2007 – 2009.

Neil has previously been a board member for Warrnambool Cheese & Butter Factory Co. Holdings Limited as well as being a Director of National Foods Holdings Ltd 2005 – 2007 and Vitasoy Australia Products Pty Ltd 1999 – 2007.

#### ORDINARY SHARES:

Direct shareholdings: Nil

Indirect shareholdings: 6,316

**Total shareholdings: 6,316**

### SIMON LESTER CA, BCom, MAppFinInv (Non-independent, Non-executive Director)

Member of the Audit and Risk Management Committee  
Member of the Remuneration and Nomination Committee

Simon has been an adviser to Huon since 1994, with extensive experience within the salmon industry.

He has 30 years' experience in corporate finance and corporate tax, having advised the Tasmanian Government and State owned business enterprises.

His former roles include Partner at Deloitte Touche Tohmatsu and PBS Partners as well as senior management roles at Price Waterhouse and KPMG.

He is a member of Financial Services Institute of Australasia, Institute of Chartered Accountants in Australia, The Tax Institute and Australian Risk Policy Institute.

#### ORDINARY SHARES:

Direct shareholdings: Nil

Indirect shareholdings: 14,516

**Total shareholdings: 14,516**

\* Note: No Director has options or performance rights over ordinary shares in the Company

## PRINCIPAL ACTIVITIES

During the year the principle activities of the Consolidated Group were hatching, farming, processing, sales and marketing of Atlantic salmon and Ocean trout.

There were no significant changes in the nature of the activities of the Consolidated Group during the year.

## DIVIDENDS

A fully franked dividend of \$800,000 was declared to the members of Huon Aquaculture Group Limited prior to listing and paid on 22 October 2014.

The Directors have determined to not recommend the payment of any further dividend for FY2015.

# Directors' Report

continued

## REVIEW OF OPERATIONS

Earnings before interest and tax, depreciation and amortisation was \$35.2 million compared to \$59.2 million in FY2014.

The Company's net profit after tax (Statutory NPAT) for the financial year ended 30 June 2015 was \$16.6 million compared with \$33.8million in FY2014.

The revenue from sale of goods for the Consolidated Group was \$191.7million compared with \$188.3 million in FY2014.

Earnings per share (EPS) for the Consolidated Group was 20.99 cents compared to 55.41 cents in FY2014.

Cash flow from operating activities was \$17.3 million compared to \$42.9 million in FY2014

Further details on the Company's review of operations and outlook can be found in the Chairman's Report and Chief Executive Officer's Report.

## CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Group during the financial year were as follows.

### INITIAL PUBLIC OFFER (IPO):

On 23 October 2014, the Company commenced trading on the Australian Stock Exchange (ASX Code: HUO). The listing process resulted in contributed equity increasing by \$120,891,186 as the result of the issue of 26,244,911 shares at IPO. In conjunction with the IPO the Employee Offer increased contributed equity of \$473,812.

The net cash received from the increase in contributed equity was used principally to:

1. Provide funding for Huon's Controlled Growth Strategy including the following projects:
  - Development of a new hatchery on the Huon River as well as development of existing hatcheries
  - Expansion into Storm Bay marine lease
  - Reorganisation of certain existing leases
  - Rollout of Fortress Pens and mooring systems
  - Long-term lease of a well-boat
  - Construction of feed barges
  - Consolidation of the processing facility at Parramatta Creek
2. Provide Huon with an appropriate capital structure with a strong balance sheet and financial flexibility to pursue future growth opportunities.
3. Repay borrowings.

### CLOSURE OF MT BARKER PROCESSING FACILITY:

Huon closed its processing facility in Mt Barker, South Australia during May 2015. The processing operations have been incorporated into Huon's Parramatta Creek processing facility in Northern Tasmania. Costs associated with the closure have been disclosed in Note 2 of the Financial Statements. The end of the tenancy agreement for the Mt Barker premises coincided with the closure and the tenancy has been handed back to the landlord. Ongoing cost savings and economic benefits are expected to flow from this reorganisation.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 2 July 2015 Huon Aquaculture Group Limited acquired a small processing operation in outer Sydney for cash consideration of \$1,073,000 which has expanded the Company's distribution capability to deliver the freshest product across Australia.

The financial effects of this transaction have not been recognised at 30 June 2015 but have been disclosed in Note 34. The operating results and assets and liabilities of the acquired company will be consolidated from 2 July 2015.

Except for the matter disclosed above, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

# Directors' Report

continued

## FUTURE DEVELOPMENTS

Developments for the Consolidated Group are addressed through the Company's Controlled Growth Strategy and are referred to in the Chief Executive Officer's Report.

## DIRECTORS' AND DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member). During the financial year, 11 Board meetings, 4 Audit and Risk Committee meetings and 3 Remuneration and Nominations Committee meetings were held.

Director	Board of Directors meetings		Audit and Risk Committee meetings		Remuneration and Nominations Committee meetings	
	Number held	Number attended	Number held	Number attended	Number held	Number attended
Peter Margin	11	11	4	4	3	3
Peter Bender	11	11	*	*	*	*
Frances Bender	11	10	*	*	*	*
Neil Kearney	11	11	4	4	3	3
Simon. Lester	11	11	4	4	3	3

\* not a member of the committee

## SHARE OPTIONS AND PERFORMANCE RIGHTS

There were no share options or performance rights granted to the Director's or any other key management personnel during or since the end of financial year.

## ENVIRONMENTAL REGULATION

The Consolidated Group is subject to significant regulation at both State and Commonwealth levels in respect of its hatchery operations, marine operations, land and use tenure and environmental requirements. This includes specific environmental permits, licences and statutory authorisations, trade and export and workplace health and safety.

The Consolidated Group has well established management frameworks for routinely and regularly monitoring compliance with the relevant regulatory requirements and to monitor and manage environmental compliance in relation to new regulations as they come into effect. Compliance within the regulatory framework is routinely reported to the Board.

The Consolidated Group employs a cross-functional team to manage compliance within the regulatory framework and guide a strategy of continuous improvement in environmental management and sustainability.

Further details regarding the Consolidated Group's sustainability and environmental management credentials and policies are outlined in the Chairman's Report and Chief Executive Officer's Report. The Directors are not aware of any significant environmental incidents arising from the operations of the Consolidated Group during the financial year and believe that all regulations have been materially met during the period covered by the Annual Report.

## COMPANY SECRETARY

Thomas Haselgrove B.Ec. CA – Mr Haselgrove is the Chief Financial Officer and Company Secretary with 23 years' experience in audit, statutory accounting and commerce across a number of organisations including Chiquita Brands, Southcorp and Ernst & Young. Mr Haselgrove was appointed Company Secretary in 2006.

## REMUNERATION REPORT

### INTRODUCTION

This Remuneration Report for the financial year ended 30 June 2015 outlines the Company's remuneration structure in accordance with the requirements of the *Corporations Act 2001 (Cth)* (the Act), and the *Corporations Regulations 2001 (Cth)*. This report provides remuneration information in relation to the Company's Key Management Personnel (KMP) including for the Executive Directors, the Managing Director (who is also the Chief Executive Officer (CEO)), the Non-Executive Directors (NEDs), the Deputy Chief Executive Officer (DCEO) and the Chief Financial Officer (CFO) (who is also the Company Secretary). KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. This Remuneration Report has been audited as required by section 308(3C) of the Act.

# Directors' Report

continued

## KEY MANAGEMENT PERSONNEL (KMP)

The table below outlines the KMP for the financial year ended 30 June 2015 unless otherwise indicated.

### Executive Directors

Peter Bender (Chief Executive Officer & Managing Director)

Frances Bender (Executive Director)

### Non-Executive Directors

Peter Margin (Chairman & Non-Executive Director) Appointed 5th August 2014

Neil Kearney (Non-Executive Director) Appointed 5th August 2014

Simon Lester (Non-Executive Director) Appointed 4th August 2014

### Senior Management

Philip Wiese (Deputy Chief Executive Officer)

Tom Haselgrove (Chief Financial Officer & Company Secretary)

## REMUNERATION GOVERNANCE

Huon's Remuneration Policy is reviewed annually which may result in changes being implemented for this period. Further information on the Company's Remuneration Policy can be accessed at <http://investors.huonaqua.com.au/investors/?page=Corporate-Governance>

### Remuneration and Nomination Committee (RNC)

The Remuneration and Nomination Committee (RNC) comprises of two independent NEDs (including the Chairman), one non-independent NED, and the DCEO (who attends by invitation only). The RNC has the responsibility for delivering remuneration recommendations to the Board to ensure that the Company is adopting appropriate and coherent remuneration policies that will attract, motivate and retain qualified and experienced KMP of the highest calibre.

The Board reviews and, where appropriate, approves the remuneration arrangements of the KMP after considering the recommendations of the RNC (including awards made under the short term incentive (STI) plans and long term incentive (LTI) plans). The Board also sets the combined remuneration pool for NEDs which is subject to shareholder approval. The RNC approves the level of the Consolidated Group's STI plan pool, having regard to recommendations made by the CEO. The RNC meets throughout the year and the CEO attends these meetings (by invitation only) when management input is required. The CEO is not present during discussions relating to his own remuneration.

The RNC reviews the performance of KMP and reviews assessment processes to ensure alignment of assessment towards the execution of the Company's Controlled Growth Strategy. The RNC's Charter can be viewed at; <http://investors.huonaqua.com.au/investors/?page=Corporate-Governance>

### Use of Remuneration Consultants

The Company sought advice from Pricewaterhouse Coopers in relation to the development of appropriate incentive plans for KMP and Senior Management during the financial year ending 30 June 2015.

## KMP REMUNERATION ARRANGEMENTS

### Remuneration Principles and Strategy (RPS)

Huon's KMP Remuneration Strategy is designed to attract, motivate and retain qualified and experienced KMP and align the interests of KMP with Huon's shareholders. Huon's objective is to build long-term shareholder value by continuing to be a recognised leader in the aquaculture industry through sustained growth and continuous improvement as a Tasmanian producer of world class salmon. Huon sees the retention of KMP as crucial to achieving this objective.

### Remuneration Structure

In the financial year ending 30 June 2015, the KMP Remuneration Structure (not including the NEDs) comprised of market competitive fixed and variable remuneration including STI and LTI plans. The NEDs Remuneration Structure is a separate and distinct framework in accordance with best practice corporate governance and is detailed in a separate section of this Remuneration Report.

#### (PART 1) Aligning interests of KMP with shareholders

Huon's remuneration framework incorporates at risk components through STI and LTI plans with payment of incentives under these plans being based on performance. Performance is assessed against a suite of performance targets relevant to the success of the Controlled Growth Strategy including sustained growth in shareholder value.

#### (PART 2) Attract, motivate and retain high performing KMP

Huon's remuneration strategy is geared to reinforce long-term KMP retention that drives a consistently high, multi-year, performance focus with sustainable growth in shareholder value.

# Directors' Report

continued

COMPONENT	REMUNERATION MODE	PURPOSE	LINK TO PERFORMANCE
Fixed remuneration	Includes base salary, superannuation contributions and other benefits	To provide fixed remuneration competitively set to role, market and experience to attract and maintain KMP	Consolidated Group as well as individual performance are considered during the annual remuneration review of fixed remuneration
STI	Cash bonus	To provide reward for contribution to short-term Company outcomes as well as specific objectives in Huon's case, OHS target objectives	Return on Assets (ROA) measures as determined by Board & OHS Performance Thresholds
LTI	Performance Rights	The LTI plan provides a reward to KMP for their contribution to the achievement of forecasted FY objectives, long term shareholder value. The LTI plan also rewards KMP for their continued service with the Company and seeks to retain KMP in the long-term.	Vesting of grants subject to achievement of FY2015 performance as per FY2015 LTI Plan. Future awards will be subject to different vesting criteria to be determined by the Board.

## Remuneration Approach

Huon aims to attract, motivate and retain qualified and experienced KMP by aligning KMP interests with those of shareholders and by providing reward through market competitive fixed and variable remuneration. The proportion of fixed and variable remuneration is established for KMP by the Board following recommendations from the RNC which are subject to Board approval.

The following summarises the target remuneration mix of KMP

	Fixed	Target STI	Target LTI	Total %
Chief Executive Officer	50%	–	50%	100%
Deputy Chief Executive Officer	56%	22%	22%	100%
Chief Financial Officer	62%	19%	19%	100%

The percentages in this table are based on a split of fixed remuneration and incentives for achieving STI and LTI plan targets as determined by the Board. The percentages exclude discretionary bonuses and retention awards provided in KMP contracts, the details of which can be found in the KMP Contracts section of this Remuneration Report below.

## Performance rights (clawback policy)

Achieving LTI plan targets do not guarantee allocation of performance rights pursuant to the LTI plan. Unvested performance rights remain subject to the Company's clawback policy that may apply where adverse events or outcomes arise that should impact on a participant's grant.

The Board will have discretion as to the circumstances that would result in clawback of unvested performance rights, specifically in the following scenarios:

- performance rights may lapse or be forfeited under specific circumstances including cessation of employment or where, in the opinion of the Board, the KMP has behaved fraudulently or dishonestly; and
- in the event of a "Control Event", the Board may, at its absolute discretion, determine that all or a number of a KMP unvested performance rights vest having regard to all relevant circumstances. If the Board determines that only some unvested performance rights will vest, the remaining unvested will lapse unless the Board determines otherwise.

## Structure of Fixed Remuneration

Remuneration levels are reviewed annually to ensure KMP are offered market competitive fixed remuneration that reflects the responsibility, qualifications and experience required of the KMP.

There are a range of fringe benefits which KMP can incorporate into the total cost of their remuneration package. These fringe benefits may include, but are not limited to, motor vehicles and car parking. Whatever the cash component and fringe benefit ratio, the total employment cost of any KMP remuneration package is taken into account when determining fixed annual remuneration for KMP.

# Directors' Report

continued

## Structure of Variable Remuneration – STI Plan

Huron's annual STI plan applies to KMP and is designed to recognise the contribution and achievement of operational targets as determined by the Board and CEO.

<b>Who participates?</b>	KMP (Except for the CEO)													
<b>How is STI plan delivered?</b>	Payment of cash incentive  Payment will be made subject to Board discretion and subject to performance targets being met.													
<b>What is the STI plan opportunity?</b>	Target STI maximum opportunity of 40% of fixed remuneration for the DCEO and maximum opportunity of 30% of fixed remuneration for the CFO.													
<b>What are the performance conditions for FY15?</b>	Actual STI plan payments awarded to each member of KMP depend on the extent to which specific targets set at the beginning of the financial year are met. The target consists of key performance indicators (KPIs) including financial objectives. A summary of the measures and weightings are set out in the table below.  The CEO does not participate in the STI Plan. The targets and measures listed below will be reviewed in FY2016.													
	<table border="1"> <thead> <tr> <th></th> <th>Metric</th> <th>Weighting</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Deputy CEO</td> <td>Return On Assets</td> <td>35%</td> </tr> <tr> <td>Meet OHS thresholds</td> <td>5%</td> </tr> <tr> <td rowspan="2">CFO</td> <td>Return On Assets</td> <td>25%</td> </tr> <tr> <td>Meet OHS thresholds</td> <td>5%</td> </tr> </tbody> </table>		Metric	Weighting	Deputy CEO	Return On Assets	35%	Meet OHS thresholds	5%	CFO	Return On Assets	25%	Meet OHS thresholds	5%
	Metric	Weighting												
Deputy CEO	Return On Assets	35%												
	Meet OHS thresholds	5%												
CFO	Return On Assets	25%												
	Meet OHS thresholds	5%												
<b>Why the financial measures were chosen</b>	The financial measures were chosen as they represent the key drivers for the short term success of Huron's business and provide a framework for delivery of long term value to Huron's Controlled Growth Strategy.													
<b>How is performance assessed?</b>	The RNC considers the performance against financial targets and makes recommendations to the Board for the amount, if any, to be paid to the KMP.													
<b>What happens if KMP leave?</b>	Where cessation of employment occurs, the Board may determine the treatment of any award that has been granted to KMP in accordance with Plan Rules which may include forfeiture.  For any reason, the Board has discretion to award an STI plan amount on a pro-rata basis taking into account time and current level of performance of KMP against performance hurdles.													

## Structure of Variable Remuneration – LTI Plan

Huron's LTI plan applies to KMP and is designed to align remuneration with long term shareholder value.

<b>Who participates?</b>	KMP
<b>How is the LTI plan delivered?</b>	Granting of performance rights to KMP. These rights provide the KMP with the ability to convert to ordinary shares of the Group upon meeting the performance conditions.
<b>What are the performance conditions for the FY2015 performance rights grant?</b>	The performance rights granted will vest subject to satisfaction of achievement of forecast FY2015 performance as measured by Operating EBITDA of \$51.9million as per the Prospectus and continued service with the Consolidated Group from 1 July 2014 to 30 June 2017. This structure only applies to the inaugural grants under the IPO of the Company. The targets and measures listed below will be reviewed in FY2016.

	Metric	Weighting
CEO	Operating* EBITDA target	100%
DCEO	Operating* EBITDA target	40%
CFO	Operating* EBITDA target	30%

\*Excluding adjustment for biological assets

# Directors' Report

continued

## How is performance assessed?

The granting of performance rights will only vest on achievement of the above mentioned performance targets and service conditions and is based on performance as assessed by the annual appraisal process. The RNC reviews all LTI plan offers made to KMP. Shareholder approval is obtained before LTI plan participation commences with the CEO in accordance with ASX Listing Rules.

There is a two-step Board assessment process;

1. The Board assesses performance against the Operating EBITDA target via the audited FY2015 accounts.
2. If the Operating EBITDA target is successfully achieved, then the performance rights remain subject to a service condition which is assessed at the end of the three-year performance period (1 July 2015 to 30 June 2017).

## When do the LTI plan performance rights vest?

The performance rights will vest over a period of three years subject to meeting performance targets.

## How are grants treated on termination?

Where cessation of KMP employment occurs, any unvested LTI plan performance rights (or vested and unexercised performance rights) are forfeited, unless otherwise deemed by the Board.

For any other reason, the Board may at its discretion retain a pro-rated (based on time) portion of awards on-foot subject to original performance hurdles.

## How are grants treated if a change of control occurs?

In the event of a change of control, the performance rights may vest at the Board's discretion. In determining whether to exercise its discretion, the Board will have regard to all relevant circumstances, including the level of satisfaction of the performance conditions over the performance period from the grant date to the date of the relevant change in control event.

If a company obtains control of the Company as a result of a takeover bid or another corporate action, the company acquiring control (Acquiring Company) and the KMP may agree together that on the vesting of performance rights, the KMP receive shares in the Acquiring Company in lieu of shares in the Company, on substantially the same terms as before.

## Do participants receive distributions or dividends on unvested LTI grants?

Participants do not receive distribution or dividends on unvested LTI plan grants.

## KMP REMUNERATION OUTCOMES (INCLUDING LINK TO PERFORMANCE)

### Consolidated Group performance and its link to STI

The table below outlines the Company's Return on Assets (ROA) performance and outcome against that ROA target for the financial year ended 30 June 2015. As the Company only existed in its current structure following IPO, historical information has not been illustrated in this Remuneration Report.

#### Performance against STI plan targets

Performance Measures	Target applicable to	Target (%)	Actual (%)	Vested (%)
ROA	Consolidated Group	14.9%	6.38%	0%

#### STI Outcomes for KMP for FY2015

KMP	Proportion of maximum STI earned FY15	Proportion of maximum STI forfeited in FY15
Phillip Wiese (DCEO)	0%	100%
Thomas Haselgrove (CFO)	0%	100%

### Consolidated Group performance and its link to LTI

The table below outlines the Company's Operating EBITDA performance and outcome against that Operating EBITDA target for the financial year ended 30 June 2015. As the Company only existed in its current structure following IPO, historical information has not been illustrated in this Remuneration Report.

# Directors' Report

continued

## Performance against Targets

Performance Measures	Target applicable to	Target Operating EBITDA (\$m)	Actual Operating EBITDA (\$m)	Target achieved (Y/N)	Vested %
Operational EBITDA	Consolidated Group	53.87	40.45	No	0%

## LTI Outcomes for KMP for FY15

KMP	Proportion of maximum LTI earned FY15	Proportion of maximum LTI forfeited in FY15
Peter Bender (CEO)	0%	100%
Phillip Wiese (DCEO)	0%	100%
Thomas Haselgrove (CFO)	0%	100%

As can be seen from the table above, no performance rights were issued during FY2015.

The Company's financial performance over the last 2 years is shown in the following as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs, as shown above. As a consequence, there may not always be a direct correlation between the statutory key performance and the variable remuneration received.

## Financial Performance

Performance measure	Unit	FY2015	FY2014
Operating EBITDA	\$M	40.5	54.7
Earnings per share	cents	20.99	55.41
Dividend*	\$M	0.8	–
Dividend payout ratio	%	4.8	–
Change in share price**	\$	N/A	–

\*Dividend paid on 23 October 2015

\*\* Not applicable as the Company listed on 23 October 2014

## KMP REMUNERATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

### Actual (\$)

	Fixed Remuneration				Variable Remuneration			Total
	Salary and Fees	Non-Monetary	Other	Long Service and Annual Leave	Super-annuation	Cash Bonus	Performance Rights	
<b>EXECUTIVE DIRECTORS</b>								
Managing Director and CEO Peter Bender	\$459,078	\$31,075	–	\$92,344	\$35,664	–	–	\$618,161
Executive Director Frances Bender	\$128,611	\$26,291	–	\$439	\$36,400	–	–	\$191,741
<b>KEY MANAGEMENT PERSONNEL</b>								
Deputy CEO Philip Wiese	\$365,789	–	–	\$13,854	\$34,750	–	–	\$414,393
Chief Financial Officer Thomas Haselgrove	\$234,793	\$34,244	–	\$27,892	\$25,260	–	–	\$322,189
<b>Total</b>	<b>\$1,188,271</b>	<b>\$91,610</b>	<b>–</b>	<b>\$134,529</b>	<b>\$132,074</b>	<b>–</b>	<b>–</b>	<b>\$1,546,484</b>

# Directors' Report

continued

## Actual (%)

	Fixed Remuneration		Variable Remuneration		Total
	Total Fixed Remuneration	% of Total Remuneration	Total Variable Remuneration	% of Total Remuneration	
<b>EXECUTIVE DIRECTORS</b>					
<b>Managing Director and CEO</b> Peter Bender	\$618,161	100%	\$–	0%	\$618,161
<b>Executive Director</b> Frances Bender	\$ 191,741	100%	\$–	0%	\$191,741
<b>KEY MANAGEMENT PERSONNEL</b>					
<b>Deputy CEO</b> Philip Wiese	\$414,393	100%	\$–	0%	\$414,393
<b>Chief Financial Officer</b> Thomas Haselgrove	\$322,189	100%	\$–	0%	\$322,189
<b>Total</b>	<b>\$1,546,484</b>	<b>100%</b>	<b>\$–</b>	<b>0%</b>	<b>\$1,546,484</b>

## KMP CONTRACTS

Remuneration arrangements for KMP (excluding NEDs) are formalised in employment agreements. The following section of this Remuneration Report outlines key contractual details for Executives and KMP.

### Managing Director (MD) and CEO

The MD and CEO (the CEO) is employed under an ongoing contract which can be terminated with notice by either the Company or the CEO. Under the terms of the present contract, as disclosed to the ASX on 23 October 2014, the CEO receives fixed remuneration of \$450,000 p.a. plus superannuation and access to the STI and LTI plans. The CEO also has access to the Bonus Plan which is 100% of fixed remuneration. On 2 February 2015, the CEO's fixed salary was adjusted by 2.5% to \$461,266 p.a. plus superannuation. Termination provisions are as follows:

	Notice Period and/or Notice in Lieu	Restraint Period	Treatment of STI	Treatment of LTI
Resignation	12 months	3 months	Nil	Unvested awards forfeited
Termination for cause	None	3 months	Nil	Unvested awards forfeited Vested and unexercised awards forfeited
Termination in cases of death, disablement, redundancy or notice without cause	12 months	3 months	Nil	Pro-rated for time and remain on-foot subject to original performance hurdles

### Executive Director (ED)

The Executive Director (ED) is employed under an ongoing contract which can be terminated with notice by either the Consolidated Group or the ED. Under the terms of the present contract, as disclosed to the ASX on 23 October 2014, the ED receives fixed remuneration of \$146,224 p.a. plus superannuation. The ED may be entitled to receive incentive payments or additional benefits (such as performance rights under the Long Term Incentive Plan and Bonus Plan in the future, subject to law and compliance with Listing Rules). On the 2nd February 2015, the ED's fixed salary was adjusted by 2.5% to \$149,880 p.a. plus superannuation. Termination provisions are as follows:

	Notice Period and/or Notice in Lieu	Restraint Period	Treatment of STI	Treatment of LTI
Resignation	12 months	3 months	Nil	Nil
Termination for cause	None	3 months	Nil	Nil
Termination in cases of death, disablement, redundancy or notice without cause	12 months	3 months	Nil	Nil

# Directors' Report

continued

## Deputy Chief Executive Officer (DCEO)

The Deputy Chief Executive Officer (DCEO) is employed under an ongoing contract which can be terminated with notice by either the Consolidated Group or the DCEO. Under the terms of the present contract, as disclosed to the ASX on 23 October 2014, the DCEO receives fixed remuneration of \$340,000 p.a. plus superannuation. The DCEO's target STI plan maximum opportunity is 40% of fixed remuneration. The DCEO's target LTI plan maximum opportunity and Incentive Plan is 40% of fixed remuneration. On the 2 February 2015, the DCEO's fixed salary was adjusted by 2.5% to \$348,499 p.a. plus superannuation. Termination provisions are as follows:

	<b>Notice Period and/or Notice in Lieu</b>	<b>Restraint Period</b>	<b>Treatment of STI</b>	<b>Treatment of LTI</b>
Resignation	3 months	3 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	3 months	Unvested awards forfeited	Unvested awards forfeited Vested and unexercised awards forfeited
Termination in cases of death, disablement, redundancy or notice without cause	3 months	3 months	Pro-rated for time and performance	Pro-rated for time and remain on-foot subject to original performance hurdles

## Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is employed under an ongoing contract which can be terminated with notice by either the Consolidated Group or the CFO. Under the terms of the present contract, as disclosed to the ASX on 23rd October 2014, the CFO receives fixed remuneration of \$245,000 p.a. plus superannuation. The CFO's target STI maximum opportunity is 30% of fixed remuneration. The CFO's target LTI maximum opportunity and Incentive Plan is 30% of fixed remuneration. On the 2 February 2015, the CFO's fixed salary was adjusted by 2.5% to \$251,126 p.a. plus superannuation. Termination provisions are as follows:

	<b>Notice Period and/or Notice in Lieu</b>	<b>Restraint Period</b>	<b>Treatment of STI</b>	<b>Treatment of LTI</b>
Resignation	3 months	3 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	3 months	Unvested awards forfeited	Unvested awards forfeited Vested and unexercised awards forfeited
Termination in cases of death, disablement, redundancy or notice without cause	3 months	3 months	Pro-rated for time and performance	Pro-rated for time and remain on-foot subject to original performance hurdles

## NON-EXECUTIVE DIRECTOR (NED) REMUNERATION

The RNC seeks to set a combined remuneration level that provides the Company with the capability to attract and retain NEDs of the highest calibre and meets acceptable costing levels for shareholders.

The combined remuneration level sought to be approved by shareholders and the NED fee structure will be reviewed annually against fees paid to NEDs from equivalent companies (S&P ASX 200 listed companies with market capitalisation of 50% to 200% of the Company as well as similar sized industry comparators). The RNC may also take advice from independent remuneration consultants when undertaking the annual review process.

The Company's Constitution stipulates that Executive Directors shall determine the total amount paid to each NED as remuneration for their services to the Company. Under the ASX Listing Rules, the total amount of fees paid to NEDs must not, in any financial year, exceed the amount determined by the Company in a general meeting or until so determined by the Board. This amount has been determined by the Board to be \$800,000 for FY2015.

NEDs do not receive remuneration that is calculated as a commission or a percentage of operating revenue or profits. Superannuation is included in all NED remuneration. Fees for duties undertaken in the Audit, Business, Risk & Compliance Committee (ARC) and Remuneration and Nomination Committee (RNC) respectively are included in the total NED remuneration cost. NEDs do not participate in any incentive programs.

# Directors' Report

continued

## Non-Executive Directors

Peter Margin (Chairman & Non-Executive Director) Appointed 5th August 2014

Neil Kearney (Non-Executive Director) Appointed 5th August 2014

Simon Lester (Non-Executive Director) Appointed 4th August 2014

The table below summarises the NED remuneration structure for FY2015. Actual remuneration is pro-rated.

	Base	ARC	RNC	Super-annuation	Total
Mr Peter Margin (Chair)	\$127,854	–	\$20,000	\$12,146	\$160,000
Mr Neil Kearney	\$62,192	\$20,000	–	\$7,808	\$90,000
Mr Simon Lester	\$63,927	–	–	\$6,073	\$70,000
Total non-executive director remuneration	\$253,973	\$20,000	\$20,000	\$26,027	\$320,000

NED actual remuneration is pro-rated from the time of listing to the conclusion of FY2015 and is shown in the table below.

	Base	ARC	RNC	Super-annuation	Total
Mr Peter Margin (Chair)	\$92,558	–	15,530	\$10,268	\$118,356
Mr Neil Kearney	\$52,025	\$15,530	–	\$6,418	\$73,973
Mr Simon Lester	\$42,457	–	–	\$15,732	\$58,189
Total non-executive director remuneration	\$187,040	\$15,530	\$15,530	\$32,418	\$250,518

## DIRECTOR AND KMP SHAREHOLDINGS

The table below refers to direct shareholdings only.

	Balance at start of FY2015	Received during the year on the exercise of options	Received	Other changes during FY2015	Balance at end of FY2015
Mr Peter Margin (Chair)	–	–	–	–	–
Mr Neil Kearney	–	–	–	–	–
Mr Simon Lester	–	–	–	–	–
Mr Peter Bender	1,848,259	–	–	13,000,218*	14,848,477
Mrs. Frances Bender	–	–	–	5,794	5,794
Mr. Philip Wiese	–	–	–	3,487	3,487
Mr. Thomas Haselgrove	–	–	–	15,000	15,000

\* Including share split and amount sold to Surveyors Investments

## ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES

The Company has not issued any share options to its directors, senior management and employees in respect of current year performance.

However, as part of the listing process in October 2014 all current employees and KMP (employed at 23 October 2014) were offered \$1,000 of shares each. All KMP took up the offer.

## LOANS TO KMP AND THEIR RELATED PARTIES

The Company has not issued any loans to its directors or KMP or their related parties.

# Directors' Report

continued

## OTHER TRANSACTIONS AND BALANCES WITH KMP AND THEIR RELATED PARTIES

Related Entity Name	Nature of transaction	Amount transacted during the financial year/period
P&F Bender Super Fund (BSF)*	Lease of properties from BSF to Huon	\$60,528
Peter Bender (PB)*	Dividend paid to PB from Huon	\$800,000
Bender Family Trust (BFT)*	Lease of properties from BFT to Huon	\$20,000
Bender Family Trust (BFT)*	Marine lease rental from BFT to Huon	\$67,200
Bender Family Trust (BFT)*	Hire of vessel from BFT to Huon	\$27,955
Bender Family Trust (BFT)**	Sale of assets from BFT to Huon	\$3,933,700
P&F Bender Super Fund (BSF)**	Sale of assets from BSF to Huon	\$1,860,000
James Bender Contracting Pty Ltd (JBC)***	Lease of equipment from JBC to Huon	\$344,073
PAB Contracting Pty Ltd (PAB)***	Lease of equipment from PAB to Huon	\$78,545
Bender Family Trust****	Labour and building materials	\$27,587

\* Transaction completed prior to listing

\*\* Assets purchased from the Bender Family Trust at listing

\*\*\* Based on commercial terms

\*\*\*\* Amount outstanding at year end and repaid subsequent to year-end

As part of the listing process in October 2014 all current KMP (employed at 23 October 2014) were awarded \$1,000 of shares each.

## INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

The Company indemnifies current and former directors and officers for any loss arising from any claim by reason of any wrongful act committed by them in their capacity as a director or officer (subject to certain exclusions as required by law). During the financial year, Huon paid a total of \$126,680 in premiums for Directors and Officers Liability and Securities Offering Liability insurance. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by an officer or auditor.

## AUDITOR'S INDEPENDENCE DECLARATION

There were no former partners or directors of PricewaterhouseCoopers, the Company's auditor, who are or were at any time during the financial year an officer of the Company.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 58 and forms part of this Directors' Report.

## NON-AUDIT SERVICES

The company may decide to employ the auditor for assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Group are important.

During the year the following fees were paid or payable for non-audit services provided by the auditor (PricewaterhouseCoopers Australia), its related practices and non-related audit firms are set out below:

# Directors' Report

continued

	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
<b>PricewaterhouseCoopers Australia</b>		
Audit and other assurance services		
Audit and review of financial statements	175,000	141,000
Other assurance services – Audit of grant acquittal	3,500	–
Total remuneration for audit services	178,500	141,000
<b>Taxation &amp; other advisory services</b>		
Taxation & other advisory services	–	64,000
IPO due diligence	215,000	–
IPO taxation and remuneration related services	127,000	–
Other advisory services	28,000	–
Total remuneration for taxation & other advisory services	370,000	64,000
<b>Total remuneration of PricewaterhouseCoopers Australia</b>	<b>548,500</b>	<b>205,000</b>

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

1. All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
2. None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

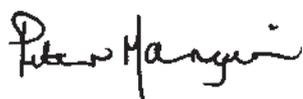
## PROCEEDINGS ON BEHALF OF THE COMPANY

There were no proceedings brought or intervened in on behalf of the Company with leave under section 237 of the *Corporations Act 2001*.

## ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Peter Margin  
Chairman

Date: 27 August 2015



Peter Bender  
Managing Director and CEO

Date: 27 August 2015

# Directors' Report

continued



## Auditor's Independence Declaration

As lead auditor for the audit of Huon Aquaculture Group Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Huon Aquaculture Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Daniel Rosenberg', written over a light blue horizontal line.

Daniel Rosenberg  
Partner  
PricewaterhouseCoopers

Melbourne  
27 August 2015

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# Financial Report

For the year ended 30 June 2015

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# Consolidated income statement

For the year ended 30 June 2015

	Note	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Revenue from continuing operations</b>	1(a)	<b>192,705</b>	188,733
<b>Other income</b>	1(b)	<b>5,611</b>	6,378
<b>Expenses</b>			
Fair value adjustment of biological assets		(5,260)	4,490
Changes in inventories of finished goods and work in progress		40,551	17,089
Raw materials and consumables used		(123,701)	(93,686)
Employee benefits expense	2	(47,952)	(42,805)
Depreciation and amortisation expense	2	(13,200)	(7,930)
Finance costs	2	(3,351)	(3,601)
Freight & Distribution expense		(11,269)	(8,677)
Other expenses		(11,672)	(12,465)
<b>Total expenses</b>		<b>(175,854)</b>	(147,585)
<b>Profit before income tax expense</b>		<b>22,462</b>	47,526
Income tax expense	22	(5,859)	(13,729)
<b>Net profit for the period attributable to members of the Company</b>		<b>16,603</b>	33,797

	Note	<b>Cents per share 2015</b>	Cents per share 2014
<b>Earnings per ordinary share:</b>			
Basic (cents per share)	4	<b>20.99</b>	55.41
Diluted (cents per share)	4	<b>20.99</b>	55.41

The number of shares used to determine earnings per ordinary share (EPS) is disclosed in note 4 to the accounts.

The above consolidated income statement should be read in conjunction with the accompanying notes.

# Consolidated statement of comprehensive income

For the year ended 30 June 2015

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Profit for the period	16,603	33,797
Other comprehensive income	–	–
<b>Total comprehensive income for the period (net of tax)</b>	<b>16,603</b>	33,797
<b>Total comprehensive income attributable to:</b>		
Owners of Huon Aquaculture Group Limited	16,603	33,797
	<b>16,603</b>	33,797

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated balance sheet

As at 30 June 2015

	Note	Consolidated 2015 \$'000	Consolidated 2014 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	13,799	2,215
Trade and other receivables	10	19,575	20,585
Inventories	11	11,435	5,147
Biological assets	3	151,837	122,834
Other financial assets	17	147	–
Current tax receivable	22	4,357	–
Other assets	12	4,325	2,590
<b>Total current assets</b>		<b>205,475</b>	153,371
<b>Non-current assets</b>			
Financial assets	16	1,341	853
Property, plant and equipment	6	184,494	95,444
Other assets	7	10,592	8,115
Intangible assets	26,27	2,708	2,708
<b>Total non-current assets</b>		<b>199,135</b>	107,120
<b>Total assets</b>		<b>404,610</b>	260,491
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	59,628	35,159
Borrowings	14	5,867	6,216
Other financial liabilities	29	–	58
Current tax liabilities	22	–	7,809
Provisions	30	4,777	4,368
Other current liabilities	31	464	–
<b>Total current liabilities</b>		<b>70,736</b>	53,610
<b>Non-current liabilities</b>			
Borrowings	14	40,916	60,473
Deferred tax liabilities	22	40,685	35,256
Provisions	30	1,368	1,229
Other non-current liabilities	31	3,814	–
<b>Total non-current liabilities</b>		<b>86,783</b>	96,958
<b>Total liabilities</b>		<b>157,519</b>	150,568
<b>Net assets</b>		<b>247,091</b>	109,923
<b>Equity</b>			
Contributed equity	15	164,302	42,937
Retained earnings		82,789	66,986
<b>Total equity</b>		<b>247,091</b>	109,923

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the year ended 30 June 2015

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2013</b>		<b>42,937</b>	<b>34,189</b>	<b>77,126</b>
Profit for the period		–	33,797	33,797
Total other comprehensive income for the year, net of tax		–	–	–
Dividends paid or provided for	5	–	(1,000)	(1,000)
<b>Balance at 30 June 2014</b>		<b>42,937</b>	<b>66,986</b>	<b>109,923</b>
<b>Balance at 1 July 2014</b>		<b>42,937</b>	<b>66,986</b>	<b>109,923</b>
Profit for the period		–	16,603	16,603
Total other comprehensive income for the year, net of tax		–	–	–
Contributions of equity, net of transactions costs		121,365	–	121,365
Dividends paid or provided for	5	–	(800)	(800)
<b>Balance at 30 June 2015</b>		<b>164,302</b>	<b>82,789</b>	<b>247,091</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated statement of cashflows

For the year ended 30 June 2015

	Note	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		202,629	191,004
Payments to suppliers and employees		(171,924)	(142,652)
		30,705	48,352
Interest received		975	381
Interest and other costs of finance paid		(3,351)	(3,567)
Income tax (paid)/refunded		(11,015)	(2,311)
<b>Net cash inflow/(outflow) from operating activities</b>	9	<b>17,314</b>	42,855
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		75	67
Payments for property, plant and equipment		(101,890)	(44,875)
Payments for other assets	7,16	(3,326)	–
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(105,141)</b>	(44,808)
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		120,117	–
Proceeds from borrowings		56,196	10,096
Repayment of borrowings		(76,102)	(6,713)
Dividends paid to company's shareholders		(800)	(1,000)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>99,411</b>	2,383
Net increase/(decrease) in cash held		11,584	430
Cash and cash equivalents at beginning of financial year		2,215	1,785
<b>Cash and cash equivalents at end of financial year</b>	9	<b>13,799</b>	2,215

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

For the year ended 30 June 2015

## About this report

These consolidated financial statements and notes represent those of Huon Aquaculture Group Limited and Controlled Entities (the 'consolidated group'). Huon Aquaculture Group Limited is a company limited by shares, incorporated and domiciled in Australia.

On 12th September 2014 Huon Aquaculture Group Pty Ltd changed its name to Huon Aquaculture Group Limited. At the same time the company changed its status from a proprietary company to an unlisted public company. On 23 October 2014 the company listed on the Australian Stock Exchange and is now a listed public company.

The separate financial statements and notes of Huon Aquaculture Group Limited have been presented within this financial report as an individual parent entity ('Parent Entity').

The financial statements were authorised for issue on 27 August 2015 by the directors of the company.

All press releases and other information are available on our website [www.huonaqua.com.au](http://www.huonaqua.com.au)

## Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements except for cash flow information, have been prepared on an accruals basis and are based on historical costs (unless otherwise stated).

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

## Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Huon Aquaculture Group Limited (parent entity) as at 30 June 2015 and the results of all subsidiaries for the year then ended. Huon Aquaculture Group Limited and its subsidiaries together are referred to in this financial report as the consolidated group.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

## Application of new and revised Accounting Standards

### Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year:

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

#### AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

#### AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.

# Notes to the financial statements

continued

## **AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'**

The amendments to AASB 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

## **AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)**

The Annual Improvements 2010-2012 has made number of amendments to various AASBs, which are summarised below.

- > The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.
- > The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Annual Improvements 2011-2013 has made number of amendments to various AASBs, which are summarised below.

- > The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

## **Interpretation 21 'Accounting for Levies'**

Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. Interpretation 21 has been applied retrospectively.

## **AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)**

The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn.

**The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the Group's consolidated financial statements.**

**Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.**

# Notes to the financial statements

continued

## Standards and Interpretations in issue not yet adopted:

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

The group's assessment of the impact of these new standards and interpretations is set out below:

### AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Management is currently assessing the impact of the new rules. At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months.

**There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.**

**There have been no IASB Standards or IFRIC Interpretations that are issued but not yet effective.**

### Seasonality

The group typically generates greater earnings in the first half of the financial year because fish harvested in the second half of the year incur greater costs. A significant proportion of the fish harvested in the second half of the year are in the sea across two summers, incurring greater production costs due to the warmer water temperature.

# Notes to the financial statements

continued

## Performance

### 1. Revenue

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
(a) Revenue from continuing operations:		
Revenue from the sale of goods	191,730	188,352
Interest income	975	381
<b>Total revenue</b>	<b>192,705</b>	188,733
(b) Other Income:		
Rebates and freight income	4,056	3,044
Government grants	858	12
Other	697	3,322
<b>Total other income</b>	<b>5,611</b>	6,378
<b>Total revenue and other income</b>	<b>198,316</b>	195,111

#### Revenue recognition and measurement

##### Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

The consolidated group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the consolidated group and specific criteria have been met for each of the consolidated group's activities as described below. The consolidated group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax.

##### Interest revenue

Interest income is recognised using the effective interest method. When a receivable is impaired, the consolidated group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

##### Government grants

Government grants are assistance by the government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the consolidated entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income of the period in which it becomes receivable.

Government grants relating to assets are treated as deferred income and recognised in profit and loss over the expected useful lives of the assets concerned.

##### Rebates and freight income

Rebates and freight income are recognised as income when the right to receive the payment has been established. This is generally when the Company has satisfied the necessary regulatory requirements.

# Notes to the financial statements

continued

## 2. Profit for the year before tax

Profit before income tax from continuing operations includes the following items of revenue and expense:

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
(a) Significant revenue and expenses:		
The following significant revenue and expense items are relevant in explaining the financial performance:		
– expenses directly related to the initial public offering	653	–
– employee share offer pursuant to initial public offering	474	–
(b) Expenses:		
Gross Depreciation of non-current assets	12,839	7,634
Gross Amortisation of non-current assets	361	296
<b>Total Gross depreciation and amortisation</b>	<b>13,200</b>	7,930
Depreciation – net impact recognised in changes in inventories of finished goods and work in progress	3,822	(136)
<b>Net depreciation and amortisation</b>	<b>9,378</b>	8,066
Interest & fees – other entities	3,345	3,579
Finance lease charges	6	22
<b>Total finance costs</b>	<b>3,351</b>	3,601
Employee benefits expense	47,702	41,588
Mount Barker site rationalisation	250	1,217
<b>Total employee benefits costs</b>	<b>47,952</b>	42,805
Net (gain)/loss on disposal of property, plant and equipment	(74)	438

# Notes to the financial statements

continued

## 3. Biological assets

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Biological assets at fair value (i)		
Opening balance	122,834	101,755
Increase due to production	164,270	117,366
Decrease due to sales/harvest/mortality	(130,007)	(100,777)
Movement in fair value of biological assets	(5,260)	4,490
	<b>151,837</b>	122,834
Closing fair value adjustment on biological assets	30,870	36,130
Total weight of live finfish at sea (kg 000's)	15,949	11,653

(i) Members of the consolidated group, Huon Aquaculture Company Pty Ltd and Springfield Hatcheries Pty Ltd grow fish from juveniles through to harvest.

### Fair value measurement

	<b>30 June 2015</b>			
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Recurring fair value measurements				
Biological Assets	–	–	151,837	151,837
Total financial assets recognised at fair value	–	–	151,837	<b>151,837</b>
	<b>30 June 2014</b>			
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Recurring fair value measurements				
Biological Assets	–	–	122,834	122,834
Total financial assets recognised at fair value	–	–	122,834	122,834

### Fair value measurements using significant unobservable inputs

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

<b>Description</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
Biological assets at fair value (\$'000)	151,837	122,834
Unobservable Inputs	Adjusted weight of live finfish for fair value measurement: 14,522 ton	Adjusted weight of live finfish for fair value measurement: 10,005 ton
	Price per HOG kg \$11.30 to \$11.60	Price per HOG kg \$12.50 to \$12.80
Relationship of Unobservable Inputs to Fair value	Increase in weight would increase fair value	Increase in weight would increase fair value

# Notes to the financial statements

continued

## 3. Biological assets continued

### Recognition and measurement

Biological assets include broodstock, eggs, juveniles, smolt and live finfish. Biological assets are measured at fair value less costs to sell in accordance with AASB 141. Where fair value cannot be reliably measured biological assets are measured at cost less impairment losses.

For broodstock, eggs, juveniles, smolt and live finfish below 1kg, these biological assets are measured at cost, as the fair value cannot be measured reliably. Live finfish between 1kg and 4kg are measured at fair value less cost to sell, including a proportionate expected net profit at harvest. Live finfish above 4kg are measured at fair value less cost to sell.

The valuation is completed for each year class of finfish, for each species and, each significant location and takes into consideration input based on biomass in sea, estimated growth rate and mortality. The market prices are derived from observable market prices (when available), achieved prices and estimated future prices for harvest finfish. The prices are reduced for harvesting costs and freight costs to market, to arrive at a net fair value at farm gate.

The change in estimated fair value is charged to the income statement on a separate line as fair value adjustment of biological assets.

### Sensitivity analysis – Biological assets

Based on the market prices utilised at 30 June 2015, had the pricing increased/decreased by \$0.50 with all other variables held constant, the consolidated group's net profit for the period would have been \$6,390,896 higher/lower (2014: \$4,431,145 higher/lower).

### Critical accounting estimates

Biological assets are measured at fair value less costs to sell in accordance with AASB 141. Broodstock, eggs, juveniles, smolt and live fish below 1kg are measured at cost, as the fair value cannot be measured reliably. Biomass beyond this is measured at fair value in accordance with AASB 141, and the measurement is categorised into Level 3 in the fair value hierarchy, as the input is an unobservable input. Live fish over 4kg are measured to fair value less cost to sell, while a proportionate expected net profit at harvest is incorporated for live fish between 1kg and 4kg. The valuation is completed for each year class of finfish, for each species and, each significant location.

The valuation is based on a market approach and takes into consideration unobservable input based on biomass in sea for each significant location, estimated growth rates, mortality, costs and market price. There is no effective market for live finfish produced by the consolidated group so market price is determined on a model based on market prices for both salmon and trout, derived from observable market prices (when available), achieved prices and estimated future prices for harvest finfish.

## 4. Earnings per share (EPS)

	<b>Consolidated 2015 cents per share</b>	Consolidated 2014 cents per share
Earnings per ordinary share		
Basic (cents per share) (i)	<b>20.99</b>	55.41
Diluted (cents per share) (ii)	<b>20.99</b>	55.41

(i) Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares of the company.

(ii) Diluted earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding including dilutive potential ordinary shares.

### Weighted average number of ordinary shares used as the denominator in the calculation of EPS

	<b>2015</b>	2014
Number for basic EPS (i)	79,109,012	60,992,546
Number for diluted EPS (i)	79,109,012	60,992,546

(i) In September 2014 the issued ordinary share capital in the Company was subdivided on the basis of 33 shares for every 1 share held. This increased the number of shares on issue from 1,848,259 to 60,992,546.

# Notes to the financial statements

continued

## 4. Earnings per share (EPS) continued

### Earnings used as the numerator in the calculation of EPS

	<b>2015</b> <b>\$'000</b>	2014 \$'000
Earnings for basic EPS (i)	16,603	33,797
Earnings for diluted EPS (i)	16,603	33,797

(i) Earnings used in the calculation of basic and diluted earnings per share is as per net profit in the consolidated income statement.

## 5. Dividends

### Fully paid ordinary shares

	<b>Consolidated</b> <b>2015</b> <b>\$'000</b>	Consolidated 2014 \$'000
Dividend at the rate of 1.31 cents (2014: 54.10) per fully paid share	800	1,000
Total dividends provided for or paid	800	1,000

On 3 October 2014, the Directors declared a fully franked dividend of 1.31 cents per share.

The dividend of \$800,000 was declared to the members of Huon Aquaculture Group Limited prior to listing and paid on 22 October 2014.

On 5 June 2014, the Directors declared a fully franked dividend of 54.10 cents per share.

The dividend was paid on 16 June 2014.

	<b>Consolidated</b> <b>2015</b> <b>\$'000</b>	Consolidated 2014 \$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2014: 30%)	15,896	17,116
	15,896	17,116

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

### Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the consolidated group, on or before the end of the reporting period but not distributed at the end of the reporting period.

# Notes to the financial statements

continued

## Investment in controlled growth strategy

### 6. Property, plant and equipment

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Land and buildings</b>		
Freehold land		
Cost	3,898	1,282
<b>Total land</b>	<b>3,898</b>	1,282
Buildings		
Cost	19,313	7,116
Accumulated depreciation	(1,055)	(608)
<b>Total Buildings</b>	<b>18,258</b>	6,508
<b>Total land and buildings</b>	<b>22,156</b>	7,790
<b>Plant and equipment</b>		
Plant and equipment		
Cost	203,953	130,624
Accumulated depreciation	(83,167)	(70,696)
<b>Total plant and equipment</b>	<b>120,786</b>	59,928
Capital work in progress		
Cost	41,552	27,353
<b>Total capital work in progress</b>	<b>41,552</b>	27,353
Leased plant and equipment		
Cost	–	600
Accumulated depreciation	–	(227)
Total leased plant and equipment	–	373
<b>Total plant and equipment</b>	<b>162,338</b>	87,654
<b>Total property, plant and equipment</b>	<b>184,494</b>	95,444

# Notes to the financial statements

continued

## 6. Property, plant and equipment continued

### Movements in property, plant and equipment

	Property		Plant and Equipment			Total \$'000
	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Capital work in progress \$'000	
<b>Consolidated</b>						
<b>Year ended 30 June 2015</b>						
Cost	3,898	19,313	203,953	–	41,552	268,716
Accumulated depreciation	–	(1,055)	(83,167)	–	–	(84,222)
<b>Net Carrying amount</b>	<b>3,898</b>	<b>18,258</b>	<b>120,786</b>	<b>–</b>	<b>41,552</b>	<b>184,494</b>

#### Movement

Net carrying amount at the beginning of the year	1,282	6,508	59,928	373	27,353	95,444
Additions	2,616	12,197	264	–	–	15,077
Disposals and write-offs	–	–	(1)	–	–	(1)
Work In Progress Additions	–	–	–	–	86,813	86,813
Depreciation and amortisation	–	(447)	(12,392)	–	–	(12,839)
Capitalisation to asset categories	–	–	72,614	–	(72,614)	–
Transfers between classes	–	–	373	(373)	–	–
<b>Net carrying amount at the end of the year</b>	<b>3,898</b>	<b>18,258</b>	<b>120,786</b>	<b>–</b>	<b>41,552</b>	<b>184,494</b>

	Property		Plant and Equipment			Total \$'000
	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Capital work in progress \$'000	
<b>Consolidated</b>						
<b>Year ended 30 June 2014</b>						
Cost	1,282	7,116	130,624	600	27,353	166,975
Accumulated depreciation	–	(608)	(70,696)	(227)	–	(71,531)
<b>Net Carrying amount</b>	<b>1,282</b>	<b>6,508</b>	<b>59,928</b>	<b>373</b>	<b>27,353</b>	<b>95,444</b>

	1,282	6,508	59,928	373	27,353	95,444
<b>Movement</b>						
Net carrying amount at the beginning of the year	595	2,959	42,148	500	7,807	54,009
Additions	687	3,671	1,222	–	–	5,580
Disposals and write-offs	–	–	(503)	–	–	(503)
Work In Progress Additions	–	–	–	–	43,992	43,992
Depreciation and amortisation	–	(124)	(7,455)	(55)	(7,634)	–
Capitalisation to asset categories	–	2	24,444	–	(24,446)	–
Transfers between classes	–	–	72	(72)	–	–
<b>Net carrying amount at the end of the year</b>	<b>1,282</b>	<b>6,508</b>	<b>59,928</b>	<b>373</b>	<b>27,353</b>	<b>95,444</b>

# Notes to the financial statements

continued

## 6. Property, plant and equipment continued

### Recognition and measurement

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated group and the cost of the item can be measured reliably.

Assets are derecognised when replaced. All other repairs and maintenance are charged to the profit and loss during the period in which they are incurred.

Land is not depreciated.

The following estimated useful lives are used in the calculation of depreciation:

Class of Fixed Asset	Useful Life
Buildings	20 – 50 years
Leasehold improvements	5 – 10 years
Plant and equipment	3 – 30 years
Leased plant and equipment	5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in consolidated income statement when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

## 7. Other non-current assets

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Marine farming leases</b>		
Cost	16,244	13,405
Accumulated depreciation	(5,652)	(5,290)
	<b>10,592</b>	8,115

### Recognition and measurement

Marine farming leases are recorded at cost. Amortisation is based on the term of the lease and the expense is charged through the consolidated income statement.

# Notes to the financial statements

continued

## 8. Capital and leasing commitments

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Non-cancellable operating leases</b>		
Not longer than 1 year	10,992	2,714
Longer than 1 year and not longer than 5 years	38,397	4,446
Longer than 5 years	24,279	6,844
	<b>73,668</b>	14,004

The increase in operating lease commitments from 2014 to 2015 is principally driven by the operating lease entered into for the well-boat 'Ronja Huon'.

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Finance lease liabilities</b>		
Not longer than 1 year	–	131
Longer than 1 year and not longer than 5 years	–	33
Longer than 5 years	–	–
	–	164
Less future finance charges	–	(10)
Present value of minimum lease payments	<b>–</b>	154

### Capital expenditure commitments

Plant and equipment	–	–
Capital expenditure projects	81	6,938
	<b>81</b>	6,938
Payable:		
Not longer than 1 year	81	6,938
Longer than 1 year and not longer than 5 years	–	–
Longer than 5 years	–	–
	<b>81</b>	6,938

### Recognition and measurement

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

# Notes to the financial statements

continued

## Net debt and working capital

### 9. Notes to the statement of cashflows

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>(a) Cash and cash equivalents as at the end of the financial year as shown in the Statement of Cashflows is reconciled to the related items in the Statement of Financial Position as follows:</b>		
Cash and cash equivalents	13,799	2,215
	<b>13,799</b>	2,215
<b>(b) Reconciliation of profit for the period to net cash inflow from operating activities:</b>		
Profit for the period	16,603	33,797
Non-cash items		
Depreciation and amortisation	13,200	7,930
Net (gain)/loss on disposal of non-current assets	(74)	438
Equity settled share based payments	474	–
(Increase)/decrease in assets		
Trade and other receivables	1,010	(2,866)
Inventories	(35,291)	(21,579)
Prepayments	(1,735)	(314)
Increase/(decrease) in liabilities		
Trade and other payables	23,457	12,898
Current tax payable	(12,166)	6,695
Deferred tax liabilities	7,010	4,722
Provisions	548	1,134
Other liabilities	4,278	–
<b>Net cash inflow from operations</b>	<b>17,314</b>	42,855

#### Recognition and measurement

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 10. Trade and other receivables

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Trade receivables	17,718	19,038
Allowance for credit losses	(212)	(244)
Other debtors	2,069	1,791
	<b>19,575</b>	20,585

# Notes to the financial statements

continued

## 10. Trade and other receivables continued

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Allowance for credit losses</b>		
Movements in the allowance for credit losses were as follows:		
Carrying value at the beginning of the year	(244)	(199)
Allowance for credit losses recognised	32	(48)
Receivables written off as uncollectable	–	3
<b>Allowance for credit losses at year end</b>	<b>(212)</b>	<b>(244)</b>
<b>Trade receivables past due but not impaired</b>		
Under one month	4,875	4,396
One to three months	515	364
Over three months	–	3
	<b>5,390</b>	<b>4,763</b>

### Recognition and measurement

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the consolidated group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in consolidated income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses.

### Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount approximates to fair value.

### Credit risk

The consolidated group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned above. The main source of credit risk to the consolidated group is considered to relate to the class of assets described as 'trade and other receivables'.

The above table details the consolidated group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the consolidated group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the consolidated group.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

# Notes to the financial statements

continued

## 11. Inventories

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Processed fish & finished goods	5,129	2,815
Feed and packaging	6,421	2,496
Inventory provisions	(115)	(164)
	<b>11,435</b>	5,147

### Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

## 12. Other assets

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Prepayments	4,325	2,590
	<b>4,325</b>	2,590

## 13. Current trade and other payables

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Trade payables	55,189	27,309
Other payables	4,206	7,795
Goods and services tax (GST) payable	233	55
	<b>59,628</b>	35,159

### Recognition and measurement

Trade and other payables represent the liabilities for goods and services received by the consolidated group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

### Fair values of trade and other payables

Due to the short-term nature of trade and other payables, their carrying amount approximates to fair value.

# Notes to the financial statements

continued

## 14. Borrowings

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Current</b>		
Secured		
Finance lease liabilities	–	121
Bank Loans	4,879	5,500
Other Loans	970	575
Unsecured		
Other loans	18	20
	<b>5,867</b>	6,216
<b>Non-current</b>		
Secured		
Finance lease liabilities	–	32
Bank Loans	40,852	60,360
Other Loans	–	–
Unsecured		
Other loans	64	81
	<b>40,916</b>	60,473
	<b>46,783</b>	66,689

The weighted average effective interest rate on the bank loans is 3.94% per annum (2014: 5.27% per annum).

### Summary of facilities (\$'000)

	<b>2015</b>		<b>2014</b>	
	<b>Limit</b>	<b>Undrawn Balance</b>	<b>Limit</b>	<b>Undrawn Balance</b>
Term Loan	46,250	–	55,000	–
Term Loan	30,000	30,000	5,500	3,600
Working Capital	–	–	6,000	6,000
Bank Guarantee	2,500	200	200	200
Term Loan	–	–	15,000	6,040
Uncommitted foreign exchange contracts	–	Discretionary	–	Discretionary
Uncommitted interest rate swaps	–	Discretionary	–	Discretionary
Aggregate Facility Limit	78,750		81,700	
Aggregate Undrawn Balance		30,200		15,840

# Notes to the financial statements

continued

## 14. Borrowings continued

The borrowings are secured by means of a charge over the consolidated group's assets. The carrying amounts of assets pledged as security are as recognised in the consolidated group's balance sheet.

The group entered into a facility agreement to refinance its debt facilities in October 2014 ("New Banking Facilities"). The New Banking Facilities (together with certain proceeds from the issue of shares under the Initial Public Offering) are being utilised to fund operations and Huon's Controlled Growth Strategy.

The New Banking Facilities have a variable interest rate on amounts drawn calculated at a variable rate by reference to the Australian dollar BBSY and are subject to line fees on drawn and undrawn facilities.

### Loan covenants:

The New Banking Facilities also made changes to the loan covenants:

- > The Equity Ratio (Tangible Net Worth/Total Tangible Assets) is greater than 50% (to be measured annually on 30 June);
- > The Leverage Ratio (Gross Debt/EB ITDA) is less than 2.00 times (measured quarterly on a rolling 12 month basis);
- > The Debt Service Cover Ratio (Cash Available for Debt Service/Total Finance Costs) is greater than 1.50 times measured quarterly on a rolling 12 month basis; and
- > Actual capital expenditure is not more than 110% of the annual capital expenditure budget approved by financiers.

The group complied with these ratios throughout the reporting period.

### Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in consolidated income statement as other income or finance costs.

Borrowings are classified as current liabilities unless the consolidated group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in consolidated income statement in the period in which they are incurred.

# Notes to the financial statements

continued

## 15. Issued Capital

	Consolidated 2015		Consolidated 2014	
	No.	\$'000	No.	\$'000
<b>(a) Ordinary share capital (fully paid):</b>				
Ordinary shares	87,337,207	164,302	1,848,259	42,937

The company has authorised share capital amounting to 87,337,207 ordinary shares of no par value.

	Note	2015		2014	
		No.	\$'000	No.	\$'000
<b>(b) Movements in ordinary share capital</b>					
At the beginning of the reporting period	(i)	1,848,259	42,937	1,848,259	42,937
Share subdivision	(ii)	59,144,288	–	–	–
Issue of new shares pursuant to initial public offering	(iii)	26,244,910	124,580	–	–
Less: Transaction costs arising on share issues		–	(5,270)	–	–
Deferred tax credit recognised directly in equity		–	1,581	–	–
Employee offer pursuant to initial public offering	(iii)	99,750	474	–	–
At the end of the reporting period		<b>87,337,207</b>	<b>164,302</b>	1,848,259	42,937

(i) Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

The voting rights attaching to ordinary shares are, on a show of hands every member present at a meeting in person or by proxy shall have one vote, and upon a poll each share shall have one vote.

There are no unquoted equity securities on issue.

There is no current on-market buy-back in respect of the Company's ordinary shares.

(ii) In September 2014 the issued ordinary share capital in the Company was subdivided on the basis of 33 shares for every 1 share held. This increased the number of shares on issue from 1,848,259 to 60,992,547.

(iii) Contributed equity increased by \$120,891,186, net of costs and tax effect as the result of the issue of 26,244,910 shares at IPO. In conjunction with the IPO the Employee offer pursuant to initial public offering increased contributed equity by \$473,812.

### (c) Capital Management

Management controls the capital of the consolidated group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated group can fund its operations and continue as a going concern.

The consolidated group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the consolidated group's capital by assessing the consolidated group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated group since the prior year.

# Notes to the financial statements

continued

## 15. Issued Capital continued

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Total borrowings	46,783	66,689
Less cash and cash equivalents	(13,799)	(2,215)
Net debt	<b>32,984</b>	64,474
Total equity	<b>247,091</b>	109,923
Gearing ratio	<b>13.3%</b>	58.7%

### Recognition and measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Huon Aquaculture Group Limited as ordinary share capital until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Huon Aquaculture Group Limited.

# Notes to the financial statements

continued

## Other

### 16. Financial Assets

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Other investments comprising;	1,341	853
<b>Investment in Salmon Enterprises of Tasmania Pty Ltd (i)</b>	<b>1,341</b>	<b>853</b>

(i) The entity holds ordinary share capital of Salmon Enterprises of Tasmania Pty Ltd ("Saltas").

The directors of Huon Aquaculture Group Limited do not believe that the entity is able to exert significant influence over Saltas.

On 10 September 2014, a contract was entered into between a related entity and Huon Aquaculture Company Pty Ltd to purchase unlisted securities in Saltas from the related entity. The purchase consideration is for \$488,700.

Investments are initially recorded at cost or fair value. Individual investments are assessed for any impairment in value.

### 17. Other Financial Assets

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Derivatives carried at fair value		
Foreign currency forward contracts	147	–
	<b>147</b>	–

### 18. Fair value measurements

The consolidated group measures and recognises the following assets at fair value on a recurring basis after initial recognition:

> Biological assets (refer to note 3)

The consolidated group does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

#### Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### Valuation techniques

The consolidated group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

# Notes to the financial statements

continued

## 18. Fair value measurements continued

There has been no transfers between the fair value measurement levels during the financial year.

All other financial asset and liabilities that are measured at cost have a carrying amount that approximates the fair value at balance sheet date.

### Recognition and measurement

#### Financial instruments

The consolidated group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign exchange contracts. The derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of the derivative financial instruments are recognised immediately in consolidated income statement.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through consolidated income statement' in which case transaction costs are recognised as expenses in consolidated income statement immediately.

#### Classification and Subsequent Measurement

Financial instruments are classified at fair value or amortised cost depending on their classification in accordance with AASB139. Where available, quoted prices in an active market are used to determine fair value.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in consolidated income statement.

#### (i) Financial assets at fair value through consolidated income statement

Financial assets are classified at "fair value through consolidated income statement" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in consolidated income statement.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in consolidated income statement through the amortisation process and when the financial asset is derecognised.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in consolidated income statement through the amortisation process and when the financial asset is derecognised.

#### (iv) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in consolidated income statement through the amortisation process and when the financial liability is derecognised.

#### Impairment

At the end of each reporting period, the consolidated group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

# Notes to the financial statements

continued

## 18. Fair value measurements continued

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in consolidated income statement immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to consolidated income statement at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the consolidated group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

### Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in consolidated income statement.

## 19. Financial risk management

The consolidated group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The consolidated group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated group. The consolidated group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain risk exposures. i.e – not used as trading or other speculative instruments. The consolidated group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out under policies approved by the Chief Executive Officer.

The consolidated group holds the following financial instruments:

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	13,799	2,215
Trade and other receivables	19,575	20,585
Derivative financial instruments	147	–
<b>Total Financial Assets</b>	<b>33,521</b>	22,800
<b>Financial Liabilities</b>		
Trade and other payables	59,628	35,159
Borrowings	46,783	66,689
Derivative financial instruments	–	58
<b>Total Financial Liabilities</b>	<b>106,411</b>	101,906

# Notes to the financial statements

continued

## 19. Financial risk management continued

### (a) Credit risk

Credit risk is managed on a consolidated group basis. Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks exposures to wholesale, commercial and retail customers, including outstanding receivables and committed transactions.

### (b) Liquidity risk

Management monitors rolling forecasts of the consolidated group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 9) on the basis of expected cash flows.

### Financing arrangements

The consolidated group had access to the following undrawn borrowing facilities at the end of the reporting period:

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Floating rate		
Expiring within one year (bank loans)	–	9,600
Expiring beyond one year (bank loans)	30,000	6,040
	<b>30,000</b>	15,640

### Maturities of financial liabilities

The table below analyses the consolidated group's financial liabilities into relevant maturity groupings as follows:

(a) based on their contractual maturities:

- (i) all non derivative financial liabilities
- (ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of cash flows.

(b) based on the remaining period to the expected settlement date:

- (i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

### Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	<b>2015 \$'000</b>	2014 \$'000	<b>2015 \$'000</b>	2014 \$'000	<b>2015 \$'000</b>	2014 \$'000	<b>2015 \$'000</b>	2014 \$'000
Non derivatives								
Borrowings	7,721	6,427	44,995	66,987	–	–	52,717	73,414
Trade and other payables	59,628	35,159	–	–	–	–	59,628	35,159
<b>Total expected outflows</b>	<b>67,349</b>	41,586	<b>44,995</b>	66,987	–	–	<b>112,345</b>	108,573
Derivatives								
Net settled (forward foreign exchange contracts)								
– (inflow)	(147)	–	–	–	–	–	(147)	–
– outflow	–	58	–	–	–	–	–	58
<b>Total expected (inflow)/outflow</b>	<b>(147)</b>	58	–	–	–	–	<b>(147)</b>	58

# Notes to the financial statements

continued

## 19. Financial risk management continued

### (c) Market risk management

#### (i) Interest rate risk management

The consolidated group is exposed to interest rate risk as it borrows funds at both floating and fixed interest rates. The financial instruments that expose the consolidated group to interest rate risk are limited to borrowings, cash and cash equivalents.

Interest rate risk is managed by using a mix of fixed and floating rate debt and the consolidated group enters into interest rate swaps from time to time to convert debt to a fixed rate. At 30 June 2015 98% (2014: 99%) of consolidated group debt is floating. The consolidated group also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The net effective variable interest rate borrowings (i.e. unhedged debt) expose the consolidated group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

The following table details the notional principle amounts at the end of the reporting period.

	Weighted average interest rate		Consolidated notional principal value	
	2015 %	2014 %	2015 \$'000	2014 \$'000
Floating rate instruments				
Bank Loans	3.94%	5.27%	46,250	65,860
			<b>46,250</b>	65,860

#### Interest rate sensitivity analysis

At 30 June 2015, if interest rates had increased by 50 basis points or decreased by 50 basis points from the year end rates with all other variables held constant, pre tax profit for the period would have been \$280,275 higher/\$280,275 lower (2014 changes of 50bps/50bps: \$320,223 higher/\$320,223 lower), mainly as a result of higher/lower interest income from cash and cash equivalents.

#### (ii) Foreign exchange risk

The consolidated group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, predominantly with respect to the US dollar and Japanese Yen.

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated group hedges its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts. The consolidated group's risk management policy is to hedge between 75% – 125% of cash flows arising from known inventory purchase commitments, mainly denominated in US dollars for the subsequent six months.

The consolidated group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Trade payables (import creditors)	2,001	2,449
Forward exchange contracts		
– Buy foreign currency (cash flow hedges)	5,455	5,312

#### Consolidated group sensitivity

Based on the financial instruments held at 30 June 2015, had the Australian dollar strengthened/weakened by 10% against the US dollar and the Euro with all other variables held constant, the consolidated group's pre-tax profit for the period would have been \$495,828 lower/\$606,012 higher (2014: \$341,551 lower/\$417,450 higher), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table.

# Notes to the financial statements

continued

## 19. Financial risk management continued

### Recognition and measurement

#### Foreign Currency Transactions and Balances

##### Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in consolidated income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in consolidated income statement.

## 20. Parent information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
<b>Statement of financial position</b>		
<b>Assets</b>		
Current assets	4,357	–
Non-current assets	163,491	55,320
<b>Total assets</b>	<b>167,848</b>	55,320
<b>Liabilities</b>		
Current liabilities	–	7,809
<b>Total liabilities</b>	<b>–</b>	7,809
<b>Equity</b>		
Issued Capital	164,302	42,937
Retained earnings	4,346	5,574
Dividends provided for or paid	(800)	(1,000)
<b>Total equity</b>	<b>167,848</b>	47,511
<b>Financial performance</b>		
<b>Loss for the period</b>	<b>228</b>	–
<b>Total comprehensive income</b>	<b>228</b>	–

# Notes to the financial statements

continued

## 20. Parent information continued

### Parent entity financial information

The financial information for the parent entity, Huon Aquaculture Group Limited, disclosed above has been prepared on the same basis as the consolidated financial statements.

### Transactions with related entities

The loss of the parent entity shown above is due to the recognition of expenditure that as incurred by a related entity as part of the listing process and has been recharged to the parent.

### Investments in subsidiaries, associates, and joint venture entities

Investments in subsidiaries, associates, and joint venture entities are accounted for at cost in the financial statements of Huon Aquaculture Group Limited. Dividends received from associates are recognised in the parent entity's consolidated income statement when its right to receive the dividend is established.

### Tax consolidation legislation

Huon Aquaculture Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Huon Aquaculture Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Huon Aquaculture Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. In the current year tax losses of \$1,695,219 (tax effected at 30%) (2014: \$121,251 (tax effected at 30%)) have been assumed from controlled entities in the tax consolidated group.

The entities have also entered a tax funding agreement under which the wholly-owned entities fully compensate Huon Aquaculture Group Limited for any current tax payable assumed and are compensated by Huon Aquaculture Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Huon Aquaculture Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

## 21. Deed of cross guarantee

Huon Aquaculture Group Limited and Huon Aquaculture Company Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. Huon Aquaculture Company Pty Ltd became a party to the deed of cross guarantee that was entered into on 24 June 2015.

### (a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Huon Aquaculture Group Limited, they also represent the 'extended closed group'.

Set out below is a consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2015 of the closed group consisting of Huon Aquaculture Group Limited and Huon Aquaculture Company Pty Ltd.

# Notes to the financial statements

continued

## 21. Deed of cross guarantee continued

### Consolidated income statement

For the year ended 30 June 2015

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Revenue from continuing operations</b>	<b>176,980</b>	167,521
<b>Other income</b>	<b>5,431</b>	6,239
<b>Expenses</b>		
Fair value adjustment of biological assets	(5,260)	4,490
Changes in inventories of finished goods and work in progress	40,551	17,088
Raw materials and consumables used	(114,478)	(81,464)
Employee benefits expense	(42,815)	(35,572)
Depreciation and amortisation expense	(12,420)	(6,752)
Finance costs	(3,350)	(3,599)
Freight & Distribution expense	(10,471)	(7,636)
Other expenses	(10,216)	(10,735)
<b>Total expenses</b>	<b>(158,459)</b>	(124,180)
<b>Profit before income tax expense</b>	<b>23,952</b>	49,580
Income tax expense	(6,309)	(14,341)
<b>Net profit for the period attributable to members of the Company</b>	<b>17,643</b>	35,239

### Consolidated statement of comprehensive income

For the year ended 30 June 2015

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Profit for the period	17,643	35,239
Other comprehensive income	–	–
<b>Total comprehensive income for the period (net of tax)</b>	<b>17,643</b>	35,239
<b>Total comprehensive income attributable to:</b>		
Owners of Huon Aquaculture Group Limited	17,643	35,239
	<b>17,643</b>	35,239

## Notes to the financial statements

continued

### 21. Deed of cross guarantee continued

#### Consolidated statement of changes in equity

For the year ended 30 June 2015

	Contributed Equity \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2013</b>	<b>42,937</b>	<b>45,566</b>	<b>88,503</b>
Profit for the period	–	35,239	35,239
Total other comprehensive income for the year, net of tax	–	–	–
Dividends paid or provided for	–	(1,000)	(1,000)
<b>Balance at 30 June 2014</b>	<b>42,937</b>	<b>79,805</b>	<b>122,742</b>
<b>Balance at 1 July 2014</b>	<b>42,937</b>	<b>79,805</b>	<b>122,742</b>
Profit for the period	–	17,643	17,643
Total other comprehensive income for the year, net of tax	–	–	–
Contributions of equity, net of transactions costs	121,365	–	121,365
Dividends paid or provided for	–	(800)	(800)
<b>Balance at 30 June 2015</b>	<b>164,302</b>	<b>96,648</b>	<b>260,950</b>

#### (b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2015 of the closed group consisting of Huon Aquaculture Group Limited and Huon Aquaculture Company Pty Ltd.

# Notes to the financial statements

continued

## 21. Deed of cross guarantee continued

### Consolidated balance sheet

As at 30 June 2015

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	13,690	2,219
Trade and other receivables	18,480	19,117
Inventories	10,953	2,020
Biological assets	149,821	120,366
Other financial assets	30,834	29,806
Current tax assets	4,357	–
Other assets	4,285	2,402
<b>Total current assets</b>	<b>232,420</b>	175,930
<b>Non-current assets</b>		
Financial assets	1,341	853
Property, plant and equipment	176,589	88,878
Other assets	4,363	1,663
Intangible assets	80	80
<b>Total non-current assets</b>	<b>182,373</b>	91,474
<b>Total assets</b>	<b>414,793</b>	267,404
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	58,642	32,064
Borrowings	5,867	6,216
Other financial liabilities	–	58
Current tax liabilities	–	7,809
Provisions	4,372	3,590
<b>Total current liabilities</b>	<b>68,881</b>	49,737
<b>Non-current liabilities</b>		
Borrowings	40,916	60,473
Deferred tax liabilities	38,400	33,223
Provisions	1,368	1,229
Other non-current liabilities	4,278	–
<b>Total non-current liabilities</b>	<b>84,962</b>	94,925
<b>Total liabilities</b>	<b>153,843</b>	144,662
<b>Net assets</b>	<b>260,950</b>	122,742
<b>Equity</b>		
Contributed equity	164,302	42,937
Retained earnings	96,648	79,805
<b>Total equity</b>	<b>260,950</b>	122,742

# Notes to the financial statements

continued

## 22. Income taxes

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>(a) Income tax recognised in profit or loss:</b>		
Tax (expense)/income comprises:		
Current tax (expense)/income	1,831	(9,554)
Adjustments for current tax of prior periods	896	547
Increase in deferred tax assets	922	646
Increase in deferred tax liabilities	(9,508)	(5,368)
<b>Total tax expense</b>	<b>(5,859)</b>	<b>(13,729)</b>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

<b>Profit from continuing operations before income tax expense</b>	<b>22,462</b>	47,526
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%) for the consolidated group.	(6,739)	(14,258)
Add:		
Adjustment recognised in the current year in relation to prior years	896	547
Non-tax deductible items	(16)	(18)
<b>Income tax (expense)/benefit</b>	<b>(5,859)</b>	<b>(13,729)</b>

The applicable weighted average effective tax rates are as follows:	26.1%	28.9%
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### (b) Income tax recognised directly in equity:

Deferred tax:		
Share issue costs	1,581	–
	1,581	–

### (c) Current tax balances:

Current tax receivables comprise:		
Income tax receivable attributable to:		
Entities in the tax-consolidated group	4,357	–
Net current tax balance	4,357	–

### Current tax liabilities comprise:

Income tax payable attributable to:		
Entities in the tax-consolidated group	–	7,809
Net current tax balance	–	7,809

# Notes to the financial statements

continued

## 22. Income taxes continued

### (d) Deferred tax balances:

Taxable and deductible temporary differences, comprise of the following and arise from the following movements:

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
<b>2015</b>				
<b>Gross deferred tax liabilities:</b>				
Biological assets	(34,694)	(7,961)	–	(42,655)
Property, plant and equipment	(693)	(1,329)	–	(2,022)
Other non-current assets	(2,434)	108	–	(2,326)
Other financial assets	(109)	(326)	–	(435)
	<b>(37,930)</b>	<b>(9,508)</b>	<b>–</b>	<b>(47,438)</b>
<b>Gross deferred tax assets:</b>				
Provisions	1,679	164	–	1,843
Other financial assets	150	(150)	–	–
Trade and other receivables	91	(71)	–	20
Property, plant and equipment	295	2	–	297
Other intangibles	3	(1)	–	2
Share issue expenses	–	(316)	1,581	1,265
Tax Losses	–	1,831	–	1,831
Deferred Revenue	–	1,283	–	1,283
Trade and other payables	456	(244)	–	212
	<b>2,674</b>	<b>2,498</b>	<b>1,581</b>	<b>6,753</b>
<b>Net deferred tax asset/(liability)</b>	<b>(35,256)</b>	<b>(7,010)</b>	<b>1,581</b>	<b>(40,685)</b>
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
<b>2014</b>				
<b>Gross deferred tax liabilities:</b>				
Biological assets	(28,969)	(5,725)	–	(34,694)
Property, plant and equipment	(927)	234	–	(693)
Other non-current assets	(2,523)	89	–	(2,434)
Other financial assets	(143)	34	–	(109)
	<b>(32,562)</b>	<b>(5,368)</b>	<b>–</b>	<b>(37,930)</b>
<b>Gross deferred tax assets:</b>				
Provisions	1,339	340	–	1,679
Other financial assets	273	(123)	–	150
Trade and other receivables	60	31	–	91
Property, plant and equipment	272	23	–	295
Other intangibles	3	–	–	3
Trade and other payables	81	375	–	456
	<b>2,028</b>	<b>646</b>	<b>–</b>	<b>2,674</b>
<b>Net deferred tax asset/(liability)</b>	<b>(30,534)</b>	<b>(4,722)</b>	<b>–</b>	<b>(35,256)</b>

# Notes to the financial statements

continued

## 22. Income taxes continued

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Deferred tax assets expected to be settled within 12 months	2,260	1,124
Deferred tax assets expected to be settled after more than 12 months	4,493	1,550
	<b>6,753</b>	2,674
Deferred tax liabilities expected to be settled within 12 months	9,788	6,857
Deferred tax liabilities expected to be settled after more than 12 months	37,650	31,073
	<b>47,438</b>	37,930

### Recognition and measurement

(Refer to note 20 for Tax Consolidation legislation)

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the consolidated income statement is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Huron Aquaculture Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable consolidated income statement.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and marine leases, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

# Notes to the financial statements

continued

## 23. Key management personnel compensation

The totals of remuneration paid to key management personnel (KMP) of the consolidated group during the year are as follows:

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Short-term employee benefits	1,633	1,221
Post-employment benefits	164	102
Long-term benefits	–	–
Termination benefits	–	–
Share-based payments	–	–
	<b>1,797</b>	1,323

No remuneration was paid by the parent entity to the KMP.

## 24. Related party transactions

### Identity of related parties

The following persons and entities are regarded as related parties:

#### (a) Controlled entities:

Refer to note 28 for details of equity interests in entities controlled by Huon Aquaculture Group Limited.

#### (b) Key Management Personnel:

Directors and other Key Management Personnel (KMP) also include close members of the families of Directors and other Key Management Personnel.

In determining the disclosures noted below, the KMP have made appropriate enquiries to the best of their ability and the information presented reflects their knowledge.

All transactions entered into during the year were on normal commercial terms and conditions no more favourable than those if the entity was dealing with an unrelated party at on an arm's length basis.

#### (i) Loans

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Beginning of the year	–	4,700
Loans advanced	–	–
Loan repayment received (transfer of assets from related party)	–	(4,700)
Interest charged	–	291
Interest received	–	(291)
<b>End of year</b>	<b>–</b>	<b>–</b>

#### (ii) Compensation of KMP

Details of KMP compensation are disclosed in the Remuneration Report and in note 23 to the financial statements.

## Notes to the financial statements

continued

### 24. Related party transactions continued

#### (iii) Compensation of close family members

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Other transactions:		
Short-term employee benefits	132	90
Superannuation Contributions:		
Contributions to superannuation funds on behalf of employees	11	8

#### (iv) Dividend revenue

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Key Management Personnel	800	1,000

#### (v) Purchases from entities controlled by Key Management Personnel

The group acquired the following goods and services from entities that are controlled by members of the group's Key Management Personnel:

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Land, Buildings and Property, Plant and Equipment	5,794	4,700
Leases of assets	176	996
	5,970	5,696

#### (vi) Outstanding balances arising from sales/purchases of goods and services

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Current Payables:		
Entities controlled by close family members	121	57
Entities controlled by key management personnel	–	110
	121	167

#### (c) Investments

##### (i) Purchase (sales) of goods and services

The consolidated entity entered into transactions with Salmon Enterprises of Tasmania Pty Ltd for the supply of smolt (juvenile salmon) and the sale of other goods and services. These transactions were conducted on normal commercial terms and conditions.

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Salmon Enterprises of Tasmania Pty Ltd	1,091	1,593

##### (ii) Financial guarantee contract

During the 2012 financial year the consolidated entity became party to a \$7.02 million facility that Salmon Enterprises of Tasmania Pty Ltd entered into with BankWest through a financial guarantee contract. The consolidated entity's guarantee is for \$0.98 million.

# Notes to the financial statements

continued

## 25. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	<b>Consolidated 2015 \$</b>	Consolidated 2014 \$
<b>(a) PricewaterhouseCoopers Australia</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	175,000	141,000
Other assurance services – Audit of grant acquittal	3,500	–
<b>Total remuneration for audit and other assurance services</b>	<b>178,500</b>	<b>141,000</b>
<b>(ii) Taxation &amp; other advisory services</b>		
Taxation & other advisory services	–	64,000
IPO due diligence	215,000	–
IPO taxation and remuneration related services	127,000	–
Other advisory services	28,000	–
<b>Total remuneration for taxation &amp; other advisory services</b>	<b>370,000</b>	<b>64,000</b>
<b>Total remuneration of PricewaterhouseCoopers Australia</b>	<b>548,500</b>	<b>205,000</b>
<b>(b) Non PricewaterhouseCoopers firms</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	–	9,451
<b>Total remuneration for audit services</b>	<b>–</b>	<b>9,451</b>
<b>(ii) Taxation services</b>		
Taxation advisory services	154,679	49,176
<b>Total remuneration for taxation services</b>	<b>154,679</b>	<b>49,176</b>
<b>(iii) Other services</b>		
Legal services	–	17,325
<b>Total remuneration for other services</b>	<b>–</b>	<b>17,325</b>
<b>Total remuneration of non-PricewaterhouseCoopers firms</b>	<b>154,679</b>	<b>75,952</b>

The parent entity's audit fees were paid for by Huon Aquaculture Company Pty Ltd, a wholly owned subsidiary.

# Notes to the financial statements

continued

## 26. Goodwill

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Gross carrying amount</b>		
Balance at the beginning of financial year	4,209	4,209
Additions	–	–
Balance at the end of financial year	<b>4,209</b>	4,209
<b>Accumulated impairment losses</b>		
Balance at the beginning of financial year	(1,601)	(1,601)
Impairment losses for the year	–	–
Balance at the end of financial year	<b>(1,601)</b>	(1,601)
<b>Net book value</b>		
Balance at the beginning of financial year	2,608	2,608
Balance at the end of financial year	<b>2,608</b>	2,608

Goodwill relates to the consolidated group's acquisition of the wholly-owned controlled entities, Huon Ocean Trout Pty Ltd, Southern Ocean Trout Pty Ltd, Morrison's Seafood Pty Ltd, Meadowbank Hatchery Pty Ltd.

### Recognition and measurement

#### Goodwill

Goodwill acquired in a business combination is initially measured at fair value, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its deemed cost less any impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the consolidated group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised immediately in consolidated income statement and is not reversed in a subsequent period.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

#### Impairment tests for goodwill

All goodwill relates to the Domestic operating segment and is tested annually for impairment using a value-in-use calculation.

The calculation uses cash flow projections based on financial budgets approved by the Board, over a 5 year period, before any fair value adjustments of biological assets.

Key assumptions used in the calculation include anticipated sales growth, gross margin, operating costs, long term growth rate and the post tax discount rate.

The Directors and management have considered and assessed reasonably possible changes in key assumptions and have not identified any instances that could cause the carrying amount of the Domestic operating segment to exceed its recoverable amount.

# Notes to the financial statements

continued

## 26. Goodwill continued

The following table sets out the key assumptions used in the calculations:

	2015	2014
Growth rate beyond financial budget *	3.0%	3.0%
Discount rate **	10.8%	11.1%

\* Weighted average growth rate used to extrapolate cash flows beyond the budget period.

\*\* The group has applied the post-tax discount rates to discount the forecasts to future post-tax cash flows.

### Business combinations

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in consolidated income statement, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations other than those associated with the issue of a financial instrument are recognised as expenses in consolidated income statement when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

### Impairment of assets

At the end of each reporting period, the consolidated group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in consolidated income statement, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### Critical accounting estimates

The consolidated group tests annually whether goodwill has suffered any impairment, in accordance with this accounting policy. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions regarding gross margins growth rates and discount rates applicable to each CGU.

## Notes to the financial statements

continued

### 27. Other Intangible Assets

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Gross carrying amount</b>		
Balance at the beginning of financial year	100	100
Additions	–	–
Balance at the end of financial year	<b>100</b>	100
<b>Accumulated impairment losses</b>		
Balance at the beginning of financial year	–	–
Impairment losses for the year	–	–
Balance at the end of financial year	<b>–</b>	–
<b>Net book value</b>		
Balance at the beginning of financial year	100	100
Balance at the end of financial year	<b>100</b>	100

Other intangible assets relate to hatchery establishment costs and trademarks.

Licences and trademarks recognised by the consolidated entity have an indefinite useful life and are not amortised. They are recorded at cost less any impairment.

Refer to note 26 for impairment tests for other intangible assets.

## Notes to the financial statements

continued

### 28. Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the consolidated group. The proportion of ownership interests held equals the voting rights held by the consolidated group. Each subsidiary's principal place of business is also its country of incorporation or registration.

Name of subsidiary	Principal place of business	Ownership interest held by the consolidated group	
		2015 %	2014 %
Huon Aquaculture Company Pty Ltd	961 Esperance Coast Road, Dover, TAS, 7117	100%	100%
Springs Smoked Seafoods Pty Ltd	3 Enterprise Court, Mount Barker, SA, 5251	100%	100%
Springfield Hatcheries Pty Ltd	32-36 Headquarters Road, South Springfield, TAS, 7260	100%	100%
Huon Ocean Trout Pty Ltd	961 Esperance Coast Road, Dover, TAS, 7117	100%	100%
Huon Shellfish Co Pty Ltd	961 Esperance Coast Road, Dover, TAS, 7117	100%	100%
Huon Salmon Pty Ltd	961 Esperance Coast Road, Dover, TAS, 7117	100%	100%
Huon Smoked Seafoods Pty Ltd	961 Esperance Coast Road, Dover, TAS, 7117	100%	100%
Huon Smoked Salmon Pty Ltd	961 Esperance Coast Road, Dover, TAS, 7117	100%	100%
Huon Seafoods Pty Ltd	961 Esperance Coast Road, Dover, TAS, 7117	100%	100%
Huon Tasmanian Salmon Pty Ltd	961 Esperance Coast Road, Dover, TAS, 7117	100%	100%
Springs Smoked Salmon Pty Ltd	3 Enterprise Court, Mount Barker, SA, 5251	100%	100%
Southern Ocean Trout Pty Ltd	2 Esplanade, Strahan, TAS, 7468	100%	100%
Morrison's Seafood Pty Ltd	2 Esplanade, Strahan, TAS, 7468	100%	100%
Meadowbank Hatchery Pty Ltd	2 Esplanade, Strahan, TAS, 7468	100%	100%

#### Significant restrictions

There are no significant restrictions over the consolidated group's ability to access or use assets, and settle liabilities, of the consolidated group.

### 29. Other Financial Liabilities

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Derivatives carried at fair value		
Foreign currency forward contracts	–	58
	–	58

# Notes to the financial statements

continued

## 30. Provisions

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Provisions</b>		
Current:		
Employee benefits	4,777	4,368
Non-current:		
Employee benefits	1,368	1,229
	<b>6,145</b>	<b>5,597</b>

### Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$4,777 (2014: \$4,368) is presented as current, since the consolidated group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the consolidated group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
Leave obligations expected to be settled after 12 months	2,293	2,446

### Recognition and measurement

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

### Employee Benefits

#### Short-term employee benefits

Provision is made for the consolidated group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

#### Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bond rates that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in consolidated income statement as a part of employee benefits expense.

## Notes to the financial statements

continued

### 30. Provisions continued

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

The consolidated group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the consolidated group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### 31. Other liabilities

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
<b>Deferred government grants</b>		
Current	464	–
Non-Current	3,814	–
	<b>4,278</b>	–

During the current financial year government grants of \$5,000,000 were received relating to the Parramatta Creek Smokehouse and Product Innovation Centre. The nature of the grants relate to both income and to assets. During the financial year \$722,000 (2014: nil) was recognised in the income statement. Future compliance with certain conditions relating to jobs creation could impact \$1,237,000 of the deferred government grants amount.

### 32. Contingent liabilities & contingent assets

There are no contingent liabilities or contingent assets at the date of this Annual Financial Report.

### 33. Segment information

The chief operating decision maker for the consolidated group is the Chief Executive Officer of the parent entity. The parent entity determines operating segments based on information provided to the Chief Executive Officer in assessing performance and determining the allocation of resources within the consolidated group. Consideration is given to the consolidated group's products, the manner in which they are sold, the organisational structure of the consolidated group and the nature of customers.

The consolidated group farms, processes, markets and sells salmon. Revenue associated with exports meets the quantitative thresholds and management concludes that this segment is reportable.

	<b>Consolidated 2015 \$'000</b>	Consolidated 2014 \$'000
	<i>Note</i>	
Revenue from the sale of goods:		
Domestic market	163,323	177,319
Export market	28,407	11,033
<b>Total revenue from the sale of goods</b>	<b>191,730</b>	188,352
	<i>1(a)</i>	
Net profit after tax:		
Domestic market	14,143	31,817
Export market	2,460	1,980
<b>Total net profit after tax</b>	<b>16,603</b>	33,797

## Notes to the financial statements

continued

### 33. Segment information continued

The total of the reportable segments' profit, assets and liabilities is the same as that of the consolidated group as a whole and as disclosed in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated balance sheet.

All of the non current assets are located in Australia being the domicile country of the group.

The chief operating decision maker only reviews export market sales.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

### 34. Subsequent events

On 2 July 2015 Huon Aquaculture Group Limited acquired a small processing operation in outer Sydney for cash consideration of \$1,073,000, which has expanded the group's distribution capability to deliver the freshest product across Australia.

The financial effects of this transaction have not been recognised at 30 June 2015. The operating results and assets and liabilities of the acquired operation will be consolidated from 2 July 2015.

<b>Purchase consideration</b>	<b>\$'000</b>
Purchase consideration – cash paid	1,073

#### Acquisition values

The provisionally determined fair values of the assets and liabilities of the operations at the date of acquisition are:

	<b>Fair value \$'000</b>
Property, plant and equipment	715
Raw material and consumables	71
Goodwill	287
	<b>1,073</b>

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition. The fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised.

There are no other developments in the operations of the consolidated group subsequent to 30 June 2015.

### 35. Company details

The registered office of the company is:

Huon Aquaculture Group Limited  
Level 13, 188 Collins Street  
Hobart  
Tasmania 7000

The principal place of business is:

Huon Aquaculture Group Limited  
961 Esperance Coast Road  
Dover  
Tasmania 7109

## Directors' Declaration

In the directors' opinion;

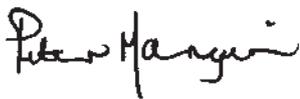
- (a) The financial statements and notes set out on pages 60 to 106 are in accordance with the *Corporations Act 2001* including:
  - a. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 21 will be able to meet any obligations or liabilities to which they are, or may become subject by virtue of the deed to cross guarantee described in note 21.

The Basis of Preparation note in the notes to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Peter Margin  
Chairman

Date: 27 August 2015



Peter Bender  
Managing Director and CEO

Date: 27 August 2015



## Independent auditor's report to the members of Huon Aquaculture Group Limited

### *Report on the financial report*

We have audited the accompanying financial report of Huon Aquaculture Group Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Huon Aquaculture Group Limited group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the Basis of Preparation section to the notes to the financial report, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
 Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
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## **Independent auditor's report to the members of Huon Aquaculture Group Limited (continued)**

### ***Report on the financial report (continued)***

#### *Auditor's opinion*

In our opinion:

- (a) the financial report of Huon Aquaculture Group Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in the Basis of Preparation note.

### ***Report on the Remuneration Report***

We have audited the remuneration report included in pages 47 to 56 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Auditor's opinion*

In our opinion, the remuneration report of Huon Aquaculture Group Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Daniel Rosenberg', written in a cursive style.

Daniel Rosenberg  
Partner

Melbourne  
27 August 2015

## Shareholder Information

The shareholder information set out below was applicable as at 20 August 2015.

### VOTING RIGHTS

The voting rights attaching to ordinary shares fully paid are, on a show of hands every member present at a meeting in person or by proxy shall have one vote, and upon a poll each share shall have one vote.

### SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act:

Ordinary shares	Number of shares	Percentage
Peter Bender	* 14,848,477	17.00
Frances Bender (spouse of Peter Bender)	5,794	0.01
Surveyors Investments Pty Ltd	* 44,527,252	50.98
Mr Peter Bender & Mrs Frances Bender <PJ & FR Bender Family A/C>	60,000	0.07
Perpetual Limited	5,459,845	6.25

\* Restriction on disposal of shares under voluntary escrow arrangements gives the Company a technical 'relevant interest' in its own shares under section 608(1)(c) of the Corporations Act. The Company has no right to acquire these shares or to control the voting rights attaching to these shares. The number of shares with this relevant interest is 59,369,669.

### DISTRIBUTION OF SECURITIES

Range	No. of holders	Number of shares	Percentage
100,001 and Over	18	83,692,967	95.83
10,001 to 100,000	64	1,667,998	1.91
5,001 to 10,000	99	754,040	0.86
1,001 to 5,000	367	949,000	1.09
1 to 1,000	705	273,202	0.31
<b>Total</b>	<b>1,287</b>	<b>87,337,207</b>	<b>100.00</b>

The number of holders of less than a marketable parcel of ordinary shares, equivalent to 147 ordinary shares, was 30 and they held 2,913 shares (based on a market price of \$3.42 at the close of trading on 20 August 2015).

# Shareholder Information

continued

## TOP 20 LARGEST SHAREHOLDERS

Rank	Name	20 Aug 2015	%IC
1	SURVEYORS INVESTMENTS PTY LTD ACN 602 004 179	44,527,252	50.98%
2	PETER JAMES BENDER	14,848,477	17.00%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,801,039	6.64%
4	NATIONAL NOMINEES LIMITED	3,939,128	4.51%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,775,137	4.32%
6	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	2,731,414	3.13%
7	UBS NOMINEES PTY LTD	1,742,849	2.00%
8	CITICORP NOMINEES PTY LIMITED	1,503,129	1.72%
9	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,482,469	1.70%
10	BNP PARIBAS NOMS PTY LTD <DRP>	1,082,568	1.24%
11	BRISLOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	918,355	1.05%
12	AMP LIFE LIMITED	301,255	0.34%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 3	266,199	0.30%
14	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	263,833	0.30%
15	MRS RIKA WESTWOOD	150,002	0.17%
16	MR SIMON WALTER HACKETT <THE SIMON HACKETT A/C>	124,132	0.14%
17	KYKUIT PTY LTD	120,623	0.14%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	115,106	0.13%
19	AUST EXECUTOR TRUSTEES LTD <CHARITABLE FOUNDATION>	100,000	0.11%
20	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	82,353	0.09%
	Total	83,875,320	96.04%
	Balance of register	3,461,887	3.96%
	Grand total	87,337,207	100.00%

## RESTRICTED EQUITY SECURITIES

Shares held by Peter Bender and Surveyors Investments Pty Ltd (a company controlled by Peter and Frances Bender) at Listing are subject to voluntary escrow arrangements. Both parties agreed to enter into voluntary escrow deeds in respect of their Shareholding, which prevents them from disposing of their respective shares for the escrow period. The escrow period will apply until 2 September 2015. The number of shares restricted is 59,369,669.

Company employees were offered the right to subscribe for \$1000 worth of shares for nil consideration during the Initial Public Offer. In accordance with the requirements of Australian tax legislation, shares acquired under the Tax Exempt Plan cannot be transferred, assigned or otherwise dealt with until the earlier of three years after the date of issue and the date on which the holder of those Shares ceases to be an employee of the Company. The number of shares restricted is 78,330.

## UNQUOTED EQUITY SECURITIES

There are no unquoted equity securities on issue.

## ON MARKET BUY-BACK

There is no current on-market buy-back in respect of the Company's ordinary shares.

## MANAGING SHAREHOLDING ONLINE

Shareholders are able to manage their shareholdings online through the Link Investor Centre which is available on the Investor section of the Huon website, <http://investors.huonaqua.com.au/investors/?page=My-Shareholding>

The Link Investor Centre can be contacted on 1300 554 474 or [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au).

## Glossary of Terms

TERM	DESCRIPTION
\$	Australian dollars
AASB	Australian Accounting Standards Board
AASBs or Australian Accounting Standards or Accounting Standards	Australian Accounting Standards
AASB141	Relates to the fair value adjustment of biological assets required by AASB 141
ABS	Australian Bureau of Statistics
AGD	Amoebic Gill Disease, a fish disease that compromises gill function
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the Australian Securities Exchange operated by ASX Limited
Atlantic salmon or salmon	A fish in the family Salmonidae, which is typically found in the northern Atlantic Ocean and in rivers that flow into the north Atlantic
Bender Family	Peter Bender and Frances Bender, the founders of Huon and (as applicable) Surveyors Investments Pty Ltd (an entity controlled by Peter and Frances Bender)
Biological assets	Farm animals that are classified as assets which, according to International Accounting Standards, must be recorded on balance sheets at their market value. Once the assets have either been slaughtered or harvested, then the assets will become agricultural produce
Bonus Plan	A component of the LTI plan whereby the Board may determine to offer KMP LTI plan performance rights in lieu of a bonus where the Employee agrees to contractually forgo part of their future pre-tax bonus.
British Retail Consortium (BRC)	BRC Global Standard A leading safety and quality certification program
Broodstock	A group of mature fish used in aquaculture for breeding purposes
CAGR	Compound annual growth rate
CBA	Commonwealth Bank of Australia
Constitution	The constitution of the Company
Control event Refers to:	<p>(a) A Court orders a meeting to be convened in relation to a proposed compromise or arrangement for the purposes of, or in connection with:</p> <ol style="list-style-type: none"> <li>a. a scheme which would, if it becomes effective, result in any person (either alone or together with its related bodies corporate) owning all of the shares in the Company; or</li> <li>b. a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;</li> </ol> <p>(b) members of the Company approve any compromise or arrangement referred to in paragraph (a);</p> <p>(c) any person becomes bound or entitled to acquire shares in the Company under:</p> <ol style="list-style-type: none"> <li>a. any compromise or arrangement referred to in paragraph (a) which has been approved by the Court;</li> <li>b. section 414 of the Corporations Act; or</li> <li>c. Part 6A.1 or Part 6A.2 of the Corporations Act;</li> </ol> <p>(d) a resolution is proposed to be put to shareholders proposing a voluntary winding up; or</p> <p>(e) an order is sought for the compulsory winding up of the Company.</p>

# Glossary of Terms

continued

TERM	DESCRIPTION
<b>Controlled Growth Strategy</b>	The strategy under which Huon plans to roll out a number of strategic capital projects across its operations which are intended to expand production, increase efficiency and maintain the consistency and high quality of fish produced
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>DPIPWE</b>	Department of Primary Industries, Parks, Water and Environment
<b>EBIT</b>	Earnings before interest and tax. This is a non-IFRS measure
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation. This is a non-IFRS measure
<b>Fortress Pens</b>	Fish pens which have been designed by Huon in order to be predator resistant and incorporate a patented stanchion design
<b>GLOBALG.A.P.</b>	Non-governmental organisation that sets voluntary standards for the certification of agricultural products around the globe
<b>GSI</b>	Global Salmon Initiative, a leadership initiative by global farmed salmon producers focused on making significant progress towards a shared goal of providing a highly sustainable source of healthy protein to feed a growing global population, whilst minimising the environmental footprint and continuing to improve our social contribution
<b>GST</b>	Goods and services tax
<b>Hatchery</b>	A facility where eggs are hatched under artificial conditions
<b>HOG</b>	Head-on gutted fish
<b>Huon or the Company or the Consolidated Group</b>	Huon Aquaculture Group Limited (ACN 114 456 781) and its subsidiaries as the context requires
<b>Huon Method</b>	Huon's unique method of farming salmon which places the welfare of fish at the centre of operations and ensures salmon are provided an environment which mimics their natural habitat and are raised i) stress free; ii) well nourished; iii) clean and healthy; and iv) responsibly
<b>Husbandry</b>	The care, cultivation and breeding of crops and animals
<b>IASB</b>	International Accounting Standards Board
<b>IFRSs</b>	International Financial Reporting Standards
<b>Listing</b>	Admission to the official list of the ASX, 23 October 2014
<b>NPAT</b>	Net profit after tax
<b>Operating EBITDA</b>	Operating EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation exclusive of the fair value adjustment of biological assets.
<b>Performance Right</b>	Performance Right means a right to acquire one Share in the capital of the Company in accordance with these Rules and an Invitation.
<b>Plan</b>	Plan refers to the Huon Aquaculture Group Ltd Long Term Incentive Plan and Bonus Plan as set out in the Plan Rules.
<b>PwC</b>	PricewaterhouseCoopers
<b>R&amp;D</b>	Research and development
<b>Rabobank</b>	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
<b>Related Body Corporate</b>	Has the meaning given by section 50 of the Corporations Act
<b>Rules</b>	Rules refer to the terms and conditions of the Plan

# Glossary of Terms

continued

TERM	DESCRIPTION
<b>Salmonids</b>	Collective name for all salmon fish species, including trout
<b>Smolt</b>	A young salmon
<b>Sustainability Dashboard</b>	A dashboard on Huon's website which provides information concerning Huon's salmon farming practices, management of the welfare of its fish and the impact on the environment
<b>TPD</b>	Total permanent disability
<b>TPDNO</b>	Total Permissible Dissolved Nitrogen Output
<b>TSGA</b>	Tasmanian Salmonid Growers' Association, Tasmania's peak body representing salmon growers throughout Tasmania
<b>Value added products</b>	Raw fish which undergo processing in order to be turned into other products such as skin-on or skin-off fillets, portions, cutlets, smoked products, pate or caviar
<b>WFE</b>	Whole fish equivalent
<b>Year Class</b>	The calendar year in which the smolt (salmon) or fingerling (trout) enters the sea for on-growing

# Corporate Directory

## DIRECTORS

Peter Margin, Chairman

Peter Bender, Managing Director and CEO

Frances Bender, Executive Director

Neil Kearney, Non-executive Director

Simon Lester, Non-executive Director

## SENIOR EXECUTIVES

Peter Bender, Managing Director and CEO

Frances Bender, Executive Director

Philip Wiese, Deputy CEO

Thomas Haselgrove, CFO

## COMPANY SECRETARY

Thomas Haselgrove

## REGISTERED OFFICE

Huon Aquaculture Group Limited

Level 13, 188 Collins Street

Hobart TAS 7000

03 6295 4200

huonaqua@huonaqua.com.au

www.huonaqua.com.au

## PRINCIPAL PLACE OF BUSINESS

Huon Aquaculture Group Limited

961 Esperance Coast Road

Dover TAS 7109

## AUDITOR

PricewaterhouseCoopers

Freshwater Place, 2 Southbank Boulevard

Southbank, VIC 3006

## BANKERS

Commonwealth Bank of Australia

Level 20, Tower One,

Collins Square, 727 Collins Street

Melbourne VIC 3008

Rabo Bank

Darling Park Tower 3

Level 13, 201 Sussex Street

Sydney NSW 2000

## STOCK EXCHANGE LISTING

Huon Aquaculture Group Limited is listed on the Australian Securities Exchange (ASX).

The Home Exchange is Melbourne, Victoria

ASX Code: HUO

## SHARE REGISTRY

Link Market Services

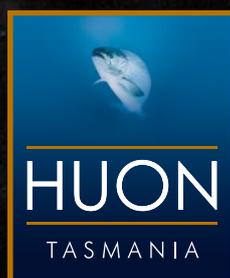
Level 12, 680 George Street

Sydney, NSW 2000

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[www.huonaqua.com.au](http://www.huonaqua.com.au)



Huon Aquaculture  
Group Limited