HUON AQUACULTURE GROUP LIMITED
ABN 79 114 456 781
Appendix 4D
Half-Year Report

1 Reporting period

- Reporting Period – Half-year ended 31 December 2016
- Previous Corresponding Period – Half-year ended 31 December 2015

2 Results for announcement to the market

	31 December 2016 $'000	31 December 2015 $'000	% Change
Revenue from ordinary activities	136,270	134,564	1.3%
Profit (loss) from ordinary activities after tax attributable to members	31,456	(1,321)	2,481.2%
Net profit (loss) for the period attributable to members	31,456	(1,321)	2,481.2%

- No interim dividend will be paid as the Directors have taken the decision to retain earnings to balance the Company's growth program with its capital structure.
- Record date for determining entitlements to dividend – Not applicable.
- Explanation of results – Refer to the Interim Financial Report, the Media Release and Results Presentation released today for further explanations of the figures presented.

3 Net Tangible Assets per security

Net tangible assets per ordinary security ($ per security)	$ 3.20	$ 2.78

4 Entities over which control has been gained or lost during the period

- None.

5 Details of individual and total dividends or distributions

- None.

6 Details of any dividend or distribution reinvestment plans

- The Company does not currently have a dividend reinvestment plan.

7 Details of associates and joint venture entities

- The Company does not have investments in Associates or Joint Ventures.

8 Independent audit report or review

- The Interim Financial Report has been indepentently reviewed by the Company's auditors. The review report is not subject to a modified opinion, emphasis of matter or other matter paragraph. A copy of the review report is included in the Interim Financial Report.

Thomas Haselgrove
Company Secretary
Date: 22 February 2017

HUON AQUACULTURE GROUP LIMITED

ABN 79 114 456 781

Interim Financial Report
For the Half Year Ended 31 December 2016

HUON AQUACULTURE GROUP LIMITED

Interim Financial Report for the Half Year Ended 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Huon Aquaculture Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

The Directors of Huon present the report of the consolidated entity consisting of Huon Aquaculture Group Limited (the "Company") and the entities it controlled ("Consolidated Group", "Huon") at the end of, or during, the half-year ended 31 December 2016.

DIRECTORS

The following persons were directors of Huon Aquaculture Group Limited during the whole of the half-year and up to the date of this report:

Peter Bender	Executive Director
Frances Bender	Executive Director
Neil Kearney	Non-Executive Chairman
Simon Lester	Non-Executive Director

Peter Margin (Non-Executive Chairman) retired on 30 August 2016. Neil Kearney was appointed as Non-Executive Chairman on 30 August 2016.

Tony Dynon was appointed as a Non-Executive Director on 30 August 2016 and continues in office at the date of this report.

COMPANY SECRETARY

Thomas Haselgrove

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Group during the financial period were hatching, farming, processing, sales and marketing of Atlantic salmon and Ocean trout.

OPERATING AND FINANCIAL REVIEW

Performance Overview

Following a particularly challenging operating environment in FY2016, this year's mild winter has provided much improved growing conditions. Supported by an enhanced feeding regime, Huon's biological stock has performed particularly well, achieving much stronger rates of growth than expected despite starting from a low average weight. The start to this summer has provided favourably cooler water temperatures and these conditions are expected to continue through to autumn.

Huon's focus on fish husbandry, product quality and risk management is reflected in the volumes achieved for the first half, with the average harvest fish weight increasing over the half by 21% to 4.8kg. While we aim to further improve on this result, the recovery from the poor growing conditions and feed quality issues experienced last financial year, has been particularly pleasing.

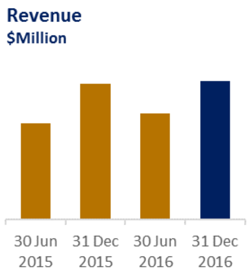
Statutory Earnings - Six months ended		31 Dec 2016	30 Jun 2016	31 Dec 2015	30 Jun 2015
Tonnage	t	9,377	8,175	12,288	8,686
Revenue [1]	$M	133.54	102.64	131.10	93.12
Revenue per HOG kg	$/kg	14.24	12.56	10.67	10.72
EBITDA [2]	$M	57.93	16.78	8.17	(7.92)
EBITDA per HOG kg	$/kg	6.18	2.05	0.66	(0.91)
EBITDA Margin	%	43.4%	16.3%	6.2%	-8.5%
EBIT	$M	46.78	7.54	(0.23)	(13.12)
NPAT	$M	31.46	4.75	(1.32)	(9.34)
Fair value adjustment of Biological Assets	$M	31.56	6.09	(7.59)	(21.50)
Related income tax refund/(expense) [3]	$M	(9.47)	(1.83)	2.28	6.45
Biological Assets	$M	190.30	147.22	135.46	151.84
Earnings per share	c	36.02	5.44	(1.51)	(11.80)
Net debt [4]	$M	53.79	62.07	47.06	32.98
Total gearing ratio [5]	%	19.0%	24.8%	19.1%	13.3%
Return on assets [6]	%	11.1%	1.8%	-3.2%	6.4%

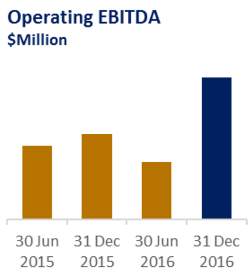
Operating Earnings - Six months ended		31 Dec 2016	30 Jun 2016	31 Dec 2015	30 Jun 2015
Revenue	$M	133.54	102.64	131.10	93.12
Operating EBITDA [7]	$M	26.37	10.69	15.76	13.58
Operating NPAT [7]	$M	9.36	0.49	3.99	5.72
Operating cash flow	$M	20.93	(0.90)	17.23	2.01

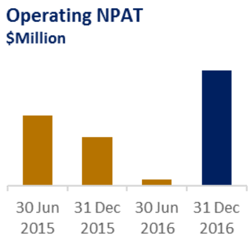
1 Revenue from the sale of goods.
2 Statutory EBITDA is a non-IFRS financial measure which is used to measure business performance, using net depreciation and amortisation recognised in the income statement.
3 Related income tax at current tax rate.
4 Net Debt is total debt net of cash and cash equivalents.
5 Total Gearing Ratio is measured as debt (net of cash)/net assets.
6 Return on Assets is measured as statutory EBIT (rolling 12 months)/total assets.
7 Operating earnings exclude the impact of the Fair Value Adjustment of Biological Assets.

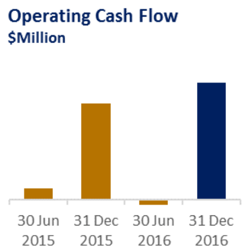
Statutory net profit after tax (NPAT) increased significantly to $31.5m underpinned by the strength in salmon pricing and better fish growth. Both factors contributed to increased operating margins and the consequential increase in the value of biological assets. As forecast, there has been a strong turnaround in operating profitability, with Operating EBITDA up 67%, from $15.8m in the previous corresponding period (pcp), to $26.4m and margins increasing from 12% (pcp) to 20%.

Salmon prices continued to strengthen domestically, underpinned by the strength of international salmon prices. Our expansion into the retail channel is a key part of Huon's strategy to grow the overall market and increase returns through better channel mix.









Improved harvest weight, up 21% to 4.8kg compared to 4.0kg in the previous six months, has helped alleviate production costs per kg but, as anticipated, overall costs have increased this half. The business has worked hard to generate added growth and while improved fish feed diets have delivered a rapid recovery in fish growth, the combined effect has delayed cost/kg improvements.

As previously foreshadowed, productivity benefits from the implementation of the Controlled Growth Strategy (CGS) are still not expected to be fully realised until FY18, however production costs are expected to start easing in the second half of FY17.

The fair value adjustment of biological assets has increased as a consequence of higher salmon prices and increasing biomass levels and has contributed significantly to the NPAT result for the half.

Macquarie Harbour remains a higher risk growing region with risk mitigation strategies continuing. Now under the authority of the Director of the EPA Tasmania, the first biomass review under the EPA supported Huon's long-standing concerns regarding overstocking and reduced oxygen levels in the harbour. The Company has made its position clear to the government, the regulators and publicly through the media that it regards current and proposed biomass levels as unacceptably high based on current environmental indicators. Huon is currently seeking orders through the Federal Court and the Supreme Court of Tasmania regarding Macquarie Harbour.

Operating Overview

Operational Performance - Six months ended		31 Dec 2016	30 Jun 2016	31 Dec 2015	30 Jun 2015
Harvest volume HOG	t	9,377	8,175	12,288	8,686
Revenue from operations	$M	133.5	102.6	131.1	93.1
Revenue $ / HOG kg	$/kg	14.24	12.56	10.67	10.72
Cost of production	$M	(101.3)	(86.0)	(105.3)	(73.1)
Cost of production $ / HOG kg	$/kg	(10.80)	(10.52)	(8.57)	(8.42)
Freight and distribution	%	(5.9)	(6.0)	(10.1)	(6.5)
Freight and distribution $ / HOG kg	$M	(0.63)	(0.73)	(0.82)	(0.75)
Operating EBITDA	$M	26.4	10.7	15.8	13.6
Operating EBITDA $ / HOG kg	$M	2.82	1.31	1.29	1.57
Margin	%	19.8%	10.4%	12.1%	14.6%
Fair value adjustment	$M	31.6	6.1	(7.6)	(21.5)

Operating EBITDA for the first half rose 67% to $26.4m and Statutory NPAT recorded a profit of $31.5m compared with a loss of $1.3m in the pcp.

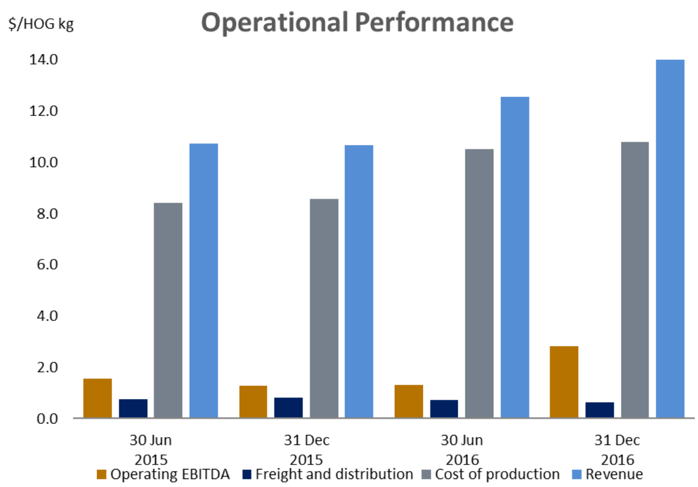
As anticipated sales volumes declined by 24% in comparison with those recorded in the pcp which had been inflated by bringing forward the harvest in response to the severe El Niño conditions that summer.

Despite this, sales revenue rose 2%, due to improved pricing and better channel mix. While domestic prices continued to improve in the half, volatility declined resulting in a much more stable market than that experienced in the second half of FY16.

Huon's sales also shifted toward the Retail segment and away from volume driven exports, resulting in a more balanced and profitable channel mix.

As a result, margins recovered significantly, albeit with production costs continuing at high levels. As anticipated, production costs per kg increased during the first half of FY2017 as harvesting of the salmon 2015 year class nears completion. The on farm practices and improved feeds required to achieve the outcome of growing fish from a low starting average weight to the current biomass result contributed to the higher production costs.

As previously stated, productivity benefits from the implementation of the CGS are not expected to be fully realised until FY18. However production costs are expected to show signs of easing in the second half FY2017, falling from the current levels of $10.80/kg.

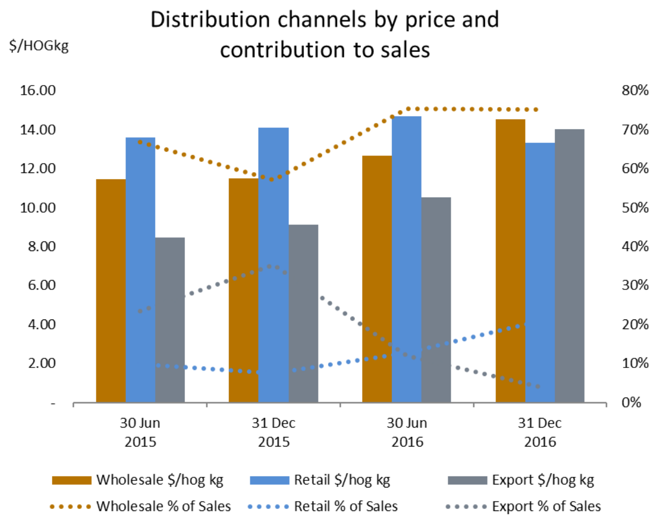


Freight costs reduced in line with the drop in export sales contracts.

Channel Mix

Sales Channel - Six months ended		31 Dec 2016	30 Jun 2016	31 Dec 2015	30 Jun 2015
Wholesale HOG kg	t	6,898	6,127	6,517	5,435
Retail HOG kg	t	2,104	886	701	674
Export HOG kg	t	375	1,162	5,070	2,577
Wholesale % of revenue	%	75%	75%	57%	67%
Retail % of revenue	%	21%	13%	8%	10%
Export % of revenue	%	4%	12%	35%	23%
Wholesale $ / HOG kg	$/kg	14.54	12.64	11.49	11.44
Retail $ / HOG kg	$/kg	13.30	14.67	14.10	13.57
Export $ / HOG kg	$/kg	14.02	10.51	9.14	8.46

Wholesale prices for the domestic market averaged $14.54/kg, which was driven by supply shortages from the major salmon producing countries, particularly Norway and Chile.



Huon's priority continues to be on the domestic market and during the half wholesale volumes increased by 6% over the pcp. In addition, newly contracted volumes into major Australian retailers doubled Huon's exposure to the retail channel to just over 20% of sales volume.

While sales into the retail channel have increased, the mix of product is now predominantly weighted to fresh products, particularly fresh MAP, in comparison to smoked products, which has resulted in a reduction in the average price of retail sales to $13.31 compared to the pcp of $14.10. It is important to note however that the fresh products have higher yields and lower costs of production, so while the average HOG kg price is lower, they generate a higher margin return.

Growth in domestic demand is forecast to continue and Huon's strategy remains focused on growing the market and expanding margins by optimising its channel mix and enhancing sales and brand value.

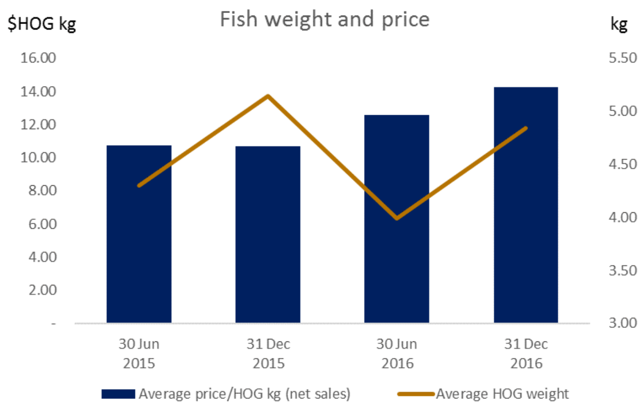
Huon's preferred approach to sales through the Export channel is to focus on branded and niche market segments. In stark comparison to FY2016, constrained supply has resulted in exports falling to less than 5% of revenue in the year to date. As would be expected under such conditions, the export channel has seen an improvement in pricing.

Biological Assets

Biological Assets - Six months ended		31 Dec 2016	30 Jun 2016	31 Dec 2015	30 Jun 2015
Biological assets at fair value	$M	190.3	147.2	135.5	151.8
Fair value adjustment (FVA)	$M	60.9	29.4	23.3	30.9
Biological assets (excluding FVA)	$M	129.4	117.8	112.2	120.9
Total weight of live finfish at sea	t	17,078	12,075	14,499	15,949
Biological asset value/HOG kg	$/kg	11.14	12.19	9.35	9.52
Fair value adjustment/HOG kg	$/kg	3.57	2.43	1.61	1.94
Biological assets/HOG kg (excluding FVA)	$/kg	7.58	9.76	7.74	7.58
Number of fish (harvest)	000's	1,936	2,047	2,390	2,020
Sales volume (HOG kg)	t	9,377	8,175	12,288	8,686
Average HOG weight	kg	4.84	3.99	5.14	4.30
Average price/HOG kg (net sales)	$/kg	14.24	12.56	10.67	10.72
Net sales	$M	133.5	102.6	131.1	93.1

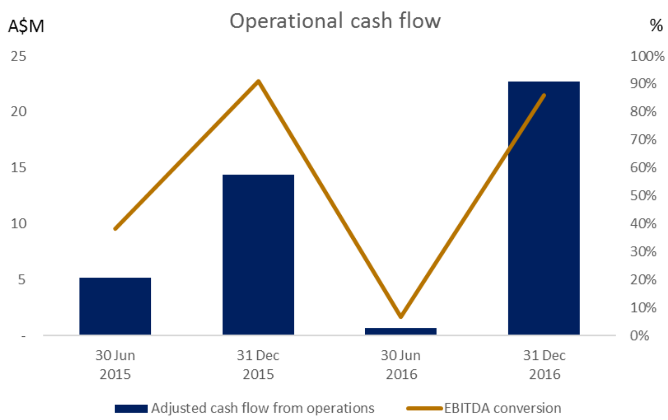
The fair value adjustment increase on biological assets recorded a profit of $31.6 million for first half. Biological assets at sea increased by 41% (over pcp) reflecting an excellent recovery in average fish weight harvested as a result of Huon's continuous improvement in farming and feeding strategies, and new diets combined with ideal growing conditions during winter and a cool start to summer.

The higher biomass along with a strong uplift in prices on pcp has generated the higher fair value uplift. It is expected that this will reduce in the second half, tracking Huon's normal biomass cycle of a lower fish weight at sea in June.



Cash Generation

Cash Generation - Six months ended		31 Dec 2016	30 Jun 2016	31 Dec 2015	30 Jun 2015
Operating EBITDA	$M	26.4	10.7	15.8	13.6
Cash flow from operations	$M	20.9	(0.9)	17.2	2.0
Add – net interest paid	$M	1.8	1.6	1.6	0.7
– tax paid/(refunded)	$M	-	-	(4.4)	2.5
Adjusted cash flow from operations	$M	22.7	0.7	14.4	5.2
EBITDA conversion	%	86%	7%	91%	38%
Capex	$M	12.7	14.3	30.2	46.5
Cash at end of period	$M	21.0	3.8	10.8	13.8



Cash flow from operations has increased from $17.2m pcp to $20.9m. This positive move comes despite the build in the level of biological assets and higher trade receivables which increased from $29.6m in the pcp to $35.5m. This largely reflects the move to a higher proportion of retail sales with generally longer payment terms than the Export Channel.

Trade payables also increased from $59.4m in the pcp to $66.1m. Amounts withheld from Ridley ($17.6m) due to a quality claim remain unpaid, giving adjusted payables of $48.6m - an effective reduction. Payment terms on existing feed purchases are shorter than previously held which reflects a current decision not to pay a cost premium for extended terms.

Net debt eased and gearing reduced to 19%. The gearing ratio, if it was to be normalised for the amount withheld from Ridley, would otherwise be 25%.

Huon's ongoing concerns with Macquarie Harbour environmental performance have meant continued conservatism in our approach to farming the region. The environmental conditions appear to indicate that the region cannot currently expand to the extent first thought and, as a result, this has impacted the Company's growth projections. As a consequence, Huon is looking to advance the expansion of Huon's Storm Bay growing region to accommodate the potential growth opportunities forgone at Macquarie Harbour. This will result in increased capital spend for FY17 and is likely to impact the capital program out to FY19.

Improving Risk Management

Environmental performance is vital to sustainable improvements in earnings in the aquaculture business. During the past six months there has been an increased focus on environmental conditions in Macquarie Harbour and what is a sustainable level of production for the long term.

Huon's Macquarie Harbour leases performed well with only minor non-compliance reported at one Macquarie Harbour site in very challenging environmental conditions. Management actions required to return the lease to compliance are ongoing.

All Huon's fish are now grown in Fortress pens, which has resulted in record low seal interactions. Huon ceased the need to relocate seals in September 2016. Fish growth has also benefited from the move to Fortress pens which has resulted in lower stocking densities, providing fish with maximum oxygen and an ideal environment in which to thrive. New fish feed diets introduced following the difficulties encountered with poor quality feed last summer have been highly successful with growth rates exceeding expectations.

Huon has focused on improving its channel mix by increasing its exposure to the Retail channel and shifting the focus away from volume based exports to one which is more targeted on sales of high quality fish into overseas markets. Huon's approach to the domestic market is to continue to supply products with wide consumer appeal, including MAP and meal ready products.

As part of its product diversification, results from Huon's research into yellow tail kingfish have been initially promising. While still in the early stages of investigation, the trial farm in northern NSW has produced some good biological results.

Macquarie Harbour

Responsibility for environmental control and management of the salmonid industry was transferred under delegation on 1 July 2016 from the Tasmanian Department of Primary Industries to the Director of the Environment Protection Authority (EPA) Tasmania. The first assessment of monitoring data for Macquarie Harbour, under the new arrangements, were released by the EPA Director in November 2016. The report showed that the low levels of dissolved oxygen in the deeper parts of the Harbour had continued for much of the year and in some areas had dropped to very low levels, often reaching zero.

In November 2016, the EPA also released a draft determination indicating its intention to reduce the biomass to 'around 14,000 tonnes'. The revised limit of 14,000 tonnes was confirmed in the final determination in January 2017. It is Huon's strong view that this cap is too high given that production levels have effectively already been reduced to this level and are continuing to place stress on the ecosystem. The Company's view is based on independent scientific research conducted by respected organisations such as the University of Tasmania's Institute for Marine and Antarctic Studies (IMAS), which indicates the biomass should be less than 10,000 tonnes given the deteriorating environmental conditions experienced at approximately 10,500 tonnes in September 2016.

As a consequence, on 6 February 2017, Huon announced it had launched legal action through the Federal Court and the Supreme Court of Tasmania. The Federal Court action is against; the Secretary of Tasmania's Department of Primary Industries, Parks, Water and the Environment, the Federal Environment Minister and the Director of the EPA, seeking orders to enforce conditions imposed by the Federal Environment Minister in 2012. The conditions were intended to ensure fish farming expansion in the harbour did not lead to impacts on the habitat of threatened species or the World Heritage Area which borders the marine farming area. Huon will also ask the Federal Court to determine whether those conditions are effective and enforceable.

Huon has taken strong action in recent years to mitigate environmental and agricultural risk in Macquarie Harbour including; commissioning extensive research into environmental and fish welfare conditions, reduction of stocking levels by 23% to around 12 tonnes per hectare over the last two years, installation of oxygenation systems in pens, and sophisticated husbandry practices including extended fallowing periods of lease sites and use of specialised feeds.

People and Safety

Huon continues to develop and implement its "whole-of-business" Work, Health and Safety management systems and strategies. These are essential to providing a safe and healthy work environment for all our employees, contractors and visitors.

Huon's Lost Time Injury Frequency Rate (LTIFR) reduced from 27 in FY2015 to 7 in FY2016. This trend continued during the first half of the FY2017 with LTIFR currently at 2.

Integration with the broader business and people management strategies is continuing to contribute to the Company's commitment to the health, safety and wellbeing of our people and preventing harm in any form.

Outlook

Demand for salmon from Australian consumers is expected to continue growing at about 10% per annum and supply constraints in offshore markets have substantially reduced the threat from imports.

While Huon's primary focus will continue to be growth of the wholesale business, the new retail supply agreements will double Huon's presence in the Australian retail market in FY17. The Company has long regarded an increased exposure to the fresh component of the retail sector as an important strategic goal.

The effects of the difficult growing conditions experienced in the second half of FY16 will continue to affect the business in FY17 in the form of higher production costs.

Huon continues to expect that volumes from the harvest in FY17 will be broadly in line with FY16 but have revised our expectations for earnings following the strong performance in the first half, with stable salmon prices, and favourable growing conditions. Operating EBITDA for the full year is now forecast to be $56-60 million, an increase of 111-126% on FY16.

The full impact of the CGS investment in the form of substantially improved operating efficiencies will deliver further growth in FY18 and FY19.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9 and forms part of this Directors' Report.

ROUNDING OF AMOUNTS

The company is of a kind referred to ASIC Legislative Instrument 2016/191, 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 the instrument.

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

Peter Bender
Managing Director and CEO

Hobart
Date: 22 February 2017

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Auditor's Independence Declaration

As lead auditor for the review of Huon Aquaculture Group Limited for the half-year ended 31 December 2016, 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 review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Daniel Rosenberg
Partner
PricewaterhouseCoopers

Melbourne
22 February 2017

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INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

For the half-year ended 31 December 2016

	Notes	Half-year 2016 $'000	Half-year 2015 $'000
Revenue from operations	1 (a)	**133,567**	131,160
Other income	1 (b)	2,703	3,404
Expenses			
Fair value adjustment of biological assets		31,564	(7,592)
Changes in inventories of finished goods and work in progress		11,483	(6,989)
Raw materials and consumables used		(78,312)	(69,682)
Employee benefits expense	2 (b)	(29,349)	(24,287)
Depreciation and amortisation expense	2 (b)	(11,195)	(9,053)
Finance costs	2 (b)	(1,830)	(1,658)
Freight & distribution expense		(5,925)	(10,056)
Other expenses		(7,761)	(7,130)
Total expenses		**(91,325)**	(136,447)
Profit/ (loss) before income tax expense		**44,945**	(1,883)
Income tax (expense)/ credit		(13,489)	562
Profit/ (loss) for the half-year attributable to members of the Company		**31,456**	(1,321)

	Cents per share 2016	Cents per share 2015
Earnings per ordinary share		
Basic (cents per share)	36.02	(1.51)
Diluted (cents per share)	36.02	(1.51)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2016

	Half-year	
	2016	2015
	$'000	$'000
Profit/ (loss) for the half-year	31,456	(1,321)
Other comprehensive income	-	-
Total comprehensive income for the half-year (net of tax)	**31,456**	(1,321)
Total comprehensive income attributable to:		
Owners of Huon Aquaculture Group Limited	31,456	(1,321)
	31,456	(1,321)

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Notes	31 December 2016 $'000	30 June 2016 $'000
Assets			
Current Assets			
Cash and cash equivalents		20,957	3,787
Trade and other receivables		35,471	23,476
Inventories		10,966	10,998
Biological assets	3	190,296	147,217
Other financial assets		1,463	71
Current tax receivable		-	3
Other assets		2,746	2,615
Total current assets		**261,899**	188,167
Non-current assets			
Financial assets		1,341	1,341
Property, plant and equipment	5	212,166	210,490
Other assets	6	9,957	10,172
Intangible assets	14	2,995	2,995
Total non-current assets		**226,459**	224,998
Total assets		**488,358**	413,165
Liabilities			
Current liabilities			
Trade and other payables		66,142	45,297
Borrowings	8	10,011	13,878
Current tax liabilities		-	-
Provisions		5,382	4,800
Other current liabilities	15	464	464
Total current liabilities		**81,999**	64,439
Non-current liabilities			
Borrowings	8	64,737	51,979
Deferred tax liabilities		54,799	41,313
Provisions		1,221	1,311
Other non-current liabilities	15	3,119	3,350
Total non-current liabilities		**123,876**	97,953
Total liabilities		**205,875**	162,392
Net assets		**282,483**	**250,773**
Equity			
Contributed equity	9	164,302	164,302
Other reserves		509	255
Retained earnings		117,672	86,216
Total equity		**282,483**	**250,773**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2016

	Notes	Contributed Equity $'000	Retained Earnings $'000	Share-based Payment Reserve $'000	Total Equity $'000
Balance at 1 July 2015		**164,302**	**82,789**	**-**	**247,091**
Profit/ (loss) for the half-year		-	(1,321)	-	(1,321)
Total other comprehensive income for the half-year, (net of tax)		-	-	-	-
Share-based payment expense		-	-	127	127
Dividends paid or provided for		-	-	-	-
Balance at 31 December 2015		**164,302**	**81,468**	**127**	**245,897**
Balance at 1 July 2016		**164,302**	**86,216**	**255**	**250,773**
Profit/ (loss) for the half-year		-	31,456	-	31,456
Total other comprehensive income for the half-year, (net of tax)		-	-	-	-
Share-based payment expense	10	-	-	254	254
Dividends paid or provided for		-	-	-	-
Balance at 31 December 2016		**164,302**	**117,672**	**509**	**282,483**

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the half-year ended 31 December 2016

	Notes	Half-year	
		2016	2015
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		122,628	124,202
Payments to suppliers and employees		(99,890)	(109,734)
		22,738	14,468
Interest received		24	60
Interest and other costs of finance paid		(1,830)	(1,658)
Income tax (paid)/ refunded		-	4,355
Net cash inflow/ (outflow) from operating activities		**20,932**	**17,225**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		47	5
Payments for property, plant and equipment		(12,700)	(30,233)
Payment for business		-	(1,073)
Net cash inflow/ (outflow) from investing activities		**(12,653)**	**(31,301)**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		28,750	12,479
Repayment of borrowings		(19,859)	(1,395)
Dividends paid to company's shareholders		-	-
Net cash inflow/ (outflow) from financing activities		**8,891**	**11,084**
Net increase/ (decrease) in cash held		17,170	(2,992)
Cash and cash equivalents at beginning of half-year		3,787	13,799
Cash and cash equivalents at end of half-year		**20,957**	**10,807**

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed 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 in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX).

Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Huon Aquaculture Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2017 annual report as a consequence of these amendments.

(b) Impact of standards issued but not yet applied by the entity

The Directors are continuing to work through the impact of these standards issued but not yet applied on the Group.

(i) AASB 9 Financial Instruments

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 January 2018 but is available for early adoption.

Following the changes approved by the AASB in December 2014, the Group no longer expects any impact from the new classification, measurement and derecognition rules on the Group's financial assets and financial liabilities. There will be no impact on the Group's accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. However, at this stage the Group does not expect to identify any new hedge relationships.

The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses.

The Group has assessed how its own financial instruments would be affected by the new rules. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. The Group will adopt the standard at its application date.

(ii) 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 (e.g. 1 July 2018), i.e. 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 and has identified the following areas that are likely to be affected:

- Consignment sales – where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards.

(iii) AASB 16 Leases
The AASB has issued a new standard to govern accounting for leases. This will replace AASB 117 which previously governed the accounting and disclosure of leases.

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard is applicable to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply AASB 15 *Revenue from Contracts with Customers* at or before the date of initial application of the standard.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $74,574,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

(iv) AASB 2 Share-based payments
In July 2016, the AASB made amendments to AASB 2 *Share-based payments* which clarified the effect of vesting conditions on the measurement of cash-settled share-based payment transactions, the classification of share-based payment transactions with net settlement features and the accounting for a modification of the terms and conditions that changes the classification of the transaction from cash settled to equity-settled.

The amendments do not have to be applied until reporting periods commencing on or after 1 January 2018. Management is currently assessing the impact of the amendments, and has decided not to early adopt them.

(c) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2016.

Performance

1. Revenue

		Half-year	
		2016	2015
		$'000	$'000
(a)	**Revenue from operations:**		
	Revenue from the sale of goods	133,543	131,100
	Interest income	24	60
	Total revenue	**133,567**	131,160
(b)	**Other income:**		
	Supplier rebates and freight income	2,139	3,132
	Government grants	535	232
	Other	29	40
	Total other income	**2,703**	3,404
	Total revenue and other income	**136,270**	134,564

2. Profit for the half-year before tax

		Half-year	
		2016	2015
		$'000	$'000
(a)	Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:		
	- Supplier rebates and claims	71	839
	- Employee incentives	2,454	186
(b)	**Expenses:**		
	Gross depreciation of non-current assets	10,980	8,840
	Gross amortisation of non-current assets	215	213
	Total gross depreciation and amortisation	**11,195**	9,053
	Depreciation – net impact recognised in changes in inventories of finished goods and work in progress	(42)	(658)
	Net depreciation and amortisation	**11,153**	8,395
	Interest and fees	1,830	1,658
	Finance lease charges	-	-
	Total finance costs	**1,830**	1,658
	Employee benefits expense	29,349	24,287
	Total employee benefits costs	**29,349**	24,287

2. Profit for the half-year before tax (continued)

Net (gain)/ loss on disposal or property, plant and equipment	(3)	(5)

(c) Income tax

Income tax expense is recognised based on management's estimate of the weighted effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the half-year to 31 December 2016 and for the half-year to 31 December 2015 is 30%.

3. Biological assets

	31 December 2016 $'000	30 June 2016 $'000
Biological assets at fair value (i)		
Opening balance	147,217	151,837
Increase due to production	107,158	180,974
Decrease due to sales/ harvest/ mortality	(95,643)	(184,089)
Movement in fair value of biological assets	31,564	(1,505)
	190,296	147,217
Closing fair value adjustment on biological assets	60,929	29,365
Total weight of live finfish at sea (kg 000's)	17,078	12,075

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

	31 December 2016			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Biological assets	-	-	190,296	190,296
Total financial assets recognised at fair value	-	-	190,296	190,296

	30 June 2016			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Biological assets	-	-	147,217	147,217
Total financial assets recognised at fair value	-	-	147,217	147,217

3. Biological assets (continued)

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 (refer to note 11 for details of fair value measurements and hierarchy):

Description	31 December 2016	30 June 2016
Biological assets at fair value ($'000)	190,296	147,217
Unobservable inputs	Adjusted weight of live finfish for fair value measurement: 16,305 tonne Price per HOG kg $13.75 to $14.25	Adjusted weight of live finfish for fair value measurement: 10,197 tonne Price per HOG kg $14.22 to $14.72
Relationship of unobservable inputs to fair value	Increase in price would increase fair value	Increase in price would increase fair value

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 inputs based on biomass in sea for each significant location, estimated growth rates, mortality 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. Dividends

	Half-year	
	2016	2015
	$'000	$'000
Fully paid ordinary shares		
Dividends paid for or provided for during the half-year	-	-

Investment in controlled growth strategy

5. Property, plant and equipment

	Land and Buildings		Plant and Equipment		
	Freehold Land	Buildings	Plant and Equipment	Capital Work in Progress	Total
Consolidated	$'000	$'000	$'000	$'000	$'000
At 30 June 2016					
Cost	5,512	39,994	245,368	9,069	299,943
Accumulated depreciation	-	(2,342)	(87,111)	-	(89,453)
Net carrying amount	**5,512**	**37,652**	**158,257**	**9,069**	**210,490**
Half-year ended 31 December 2016					
Net carrying amount at the beginning of the half-year	5,512	37,652	158,257	9,069	210,490
Additions	-	114	82	-	196
Disposals and write-offs	-	-	(44)	-	(44)
Work in progress additions	-	-	-	12,504	12,504
Depreciation and amortisation	-	(992)	(9,988)	-	(10,980)
Acquisition in business combination	-	-	-	-	-
Capitalisation to asset categories	-	1,949	9,182	(11,131)	-
Transfers between classes	-	3	(3)	-	-
Net carrying amount at the end of the half-year	**5,512**	**38,726**	**157,486**	**10,442**	**212,166**
At 31 December 2016					
Cost	5,512	42,060	254,585	10,442	312,599
Accumulated depreciation	-	(3,334)	(97,099)	-	(100,433)
Net carrying amount	**5,512**	**38,726**	**157,486**	**10,442**	**212,166**

6. Other non-current assets

	31 December 2016	30 June 2016
	$'000	$'000
Marine farming leases		
Cost	16,244	16,244
Accumulated amortisation	(6,287)	(6,072)
	9,957	10,172

Amortisation expense is included in the line item "Depreciation and amortisation expense" in the income statement.

7. Capital and leasing commitments

	31 December 2016 $'000	30 June 2016 $'000
Non-cancellable operating leases		
Not longer than 1 year	14,102	13,913
Longer than 1 year and not longer than 5 years	48,660	48,730
Longer than 5 years	11,812	16,832
	74,574	79,475

The Consolidated Group has operating lease commitments relating to a range of equipment, the most significant portion relating to marine vessels. The commitments are principally driven by the operating lease entered into for the well-boat 'Ronja Huon'.

	31 December 2016 $'000	30 June 2016 $'000
Capital expenditure commitments		
Plant and equipment	-	-
Capital expenditure projects	-	1,192
	-	1,192
Payable:		
Not longer than 1 year	-	1,192
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	-	1,192

Net debt and working capital

8. Borrowings

	31 December 2016 $'000	30 June 2016 $'000
Current		
Secured		
Finance lease liabilities	-	-
Bank loans	9,851	12,867
Other loans	142	993
Unsecured		
Other loans	18	18
	10,011	13,878
Non-current		
Secured		
Finance lease liabilities	-	-
Bank loans	64,689	51,931
Other loans	-	-
Unsecured		
Other loans	48	48
	64,737	51,979
	74,748	65,857

The weighted average effective interest rate on the bank loans is 3.36% per annum (30 June 2016: 3.40% per annum).

Summary of facilities ($'000)	31 December 2016 $'000		30 June 2016 $'000	
	Limit	Undrawn Balance	Limit	Undrawn Balance
Term loan	75,000	-	75,000	28,750
Term loan	30,000	30,000	30,000	14,000
Working capital	6,000	6,000	6,000	3,000
Bank guarantee	2,500	200	2,500	200
Term loan	-	-	-	-
Uncommitted foreign exchange contracts	-	Discretionary	-	Discretionary
Uncommitted interest rate swaps	-	Discretionary	-	Discretionary
Aggregate facility limit	113,500	-	113,500	-
Aggregate undrawn balance	-	36,200	-	45,950

8. **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. At 31 December 2016, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Fair Value**	**Carrying amount**
	$'000	$'000	$'000	$'000	$'000
At 31 December 2016					
Non-derivatives					
Trade and other payables	66,142	-	-	66,142	66,142
Borrowings	12,652	70,626	-	83,278	74,748
Total non-derivatives	**78,794**	**70,626**	**-**	**149,420**	**140,890**

Contractual maturities of financial liabilities	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Fair Value**	**Carrying amount**
	$'000	$'000	$'000	$'000	$'000
At 30 June 2016					
Non-derivatives					
Trade and other payables	45,297	-	-	45,297	45,297
Borrowings	32,480	70,159	-	102,639	65,857
Total non-derivatives	**77,777**	**70,159**	**-**	**147,936**	**111,154**

Loan covenants:

Under the terms of the Facilities, the Consolidated Group is required to comply with certain financial covenants. The Consolidated Group complied with the financial covenants throughout the period.

9. **Issued Capital**

	Consolidated 2016		Consolidated 2015	
	No.	**$'000**	No.	$'000
Ordinary share capital (fully paid):				
Ordinary shares	87,337,207	164,302	87,337,207	164,302

The Company has authorised share capital amounting to 87,337,207 ordinary shares of no par value. There were no movements in share capital during the reporting period.

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.

Other

10. Share-based payments

Under the Consolidated Group's Long-Term Incentive Plan ("the Plan"), performance rights were granted to the Chief Executive Officer and Managing Director, Mr Peter Bender. These performance rights were approved by shareholders at the annual general meeting on 25th November 2015. Senior management were also granted performance rights on 19th October 2015.

During the 2016 reporting period, further performance rights were granted to the Chief Executive Officer and senior management under the Plan. These were approved by shareholders on 30th November 2016 at the annual general meeting. The details have been disclosed in the table below. The fair value of the performance rights was measured at grant date using the pricing model outlined below. The expense recognised for the half-year ended 31 December 2016 is $253,764 (2015: $127,455) and has been included in employee benefits expense.

The Plan provides that participants are granted performance rights to ordinary shares, subject to the Company meeting specific performance criteria during performance period, based on the Company's Earnings Per Share (EPS) and Return on Assets (ROA). If the specified performance criteria are satisfied, the Board has resolved to issue, or procure the transfer of Shares, or alternatively pay the cash amount of equivalent value, to Mr Bender and senior management on the vesting of those performance rights.

The number of performance rights that a participant will receive under the plan is dependent on the extent to which the performance criteria are met by the Company. If minimum performance hurdles are not met, no performance rights will be issued. 50% of the performance rights granted during the period attach respectively to each of the EPS and ROA performance hurdles.

An employee granted perfomance rights is not legally entitled to shares in the Company before the performance rights allocated under the Plan vest. A performance right to ordinary shares does not entitle a participant under the Plan to voting rights, participation in new issues of securities, or to receive dividends. In the event that shares are issued under the Plan at the end of the performance period subject to performance rights, those shares will rank equally with existing ordinary shares, including entitlement to voting rights.

Set out below is a summary of the performance rights granted to participants in the Plan. As the performance right entitles the holder of the right to receive a share for no consideration at a future date, the exercise price is considered to be nil.

The fair value of performance rights is measured at grant date using a Black-Scholes pricing model that takes into account the term of the performance right, the share price at grant date, the expected volatility of the share price of 24% (based on historical daily closing share prices), the expected dividend yield of nil (in accordance with current dividend policy), and the risk free interest rate of 2.8%.

Grant Date	Performance Period		Fair Value	Balance at start of period (number)	Granted during the period (number)	Vested during the period (number)	Forfeited during the period (number)	Balance at end of period (number)
	From	To						
25-Nov-15	1-Jul-15	30-Jun-16	$4.04	-	-	-	-	-
25-Nov-15	1-Jul-15	30-Jun-17	$4.04	47,834	-	-	-	47,834
25-Nov-15	1-Jul-15	30-Jun-18	$4.04	47,834	-	-	-	47,834
19-Oct-15	1-Jul-15	30-Jun-16	$4.01	-	-	-	-	-
19-Oct-15	1-Jul-15	30-Jun-17	$4.01	60,783	-	-	-	60,783
19-Oct-15	1-Jul-15	30-Jun-18	$4.01	60,783	-	-	-	60,783
30-Nov-16	1-Jul-16	30-Jun-18	$3.71	-	157,111	-	-	157,111
30-Nov-16	1-Jul-16	30-Jun-19	$3.71	-	157,111	-	-	157,111

11. 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.

There have 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.

12. Key management personnel compensation

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

13. Related party transactions

There have been no significant transactions entered into with related parties during the interim period.

14. Goodwill and other intangible assets

	31 December 2016 $'000	30 June 2016 $'000
Gross carrying amount		
Balance at the beginning of the period	4,496	4,209
Additions	-	287
Balance at the end of the period	4,496	4,496
Accumulated impairment losses		
Balance at the beginning of the period	(1,601)	(1,601)
Impairment losses for the period	-	-
Balance at the end of the period	(1,601)	(1,601)
Net book value		
Balance at the beginning of the period	2,895	2,608
Balance at the end of the period	2,895	2,895
Other intangible assets	100	100
	2,995	2,995

15. Other liabilities

	31 December 2016 $'000	30 June 2016 $'000
Deferred government grants		
Current	464	464
Non-current	3,119	3,350
	3,583	3,814

16. Contingent liabilities & contingent assets

There are no contingent liabilities or contingent assets at the date of this interim financial report.

17. 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 hatches, farms, processes, markets and sells Atlantic salmon and ocean trout. Revenue associated with exports meets the quantitative thresholds and management concludes that this segment is reportable.

17. Segment information (continued)

	Note	Half-year 2016 $'000	Half-year 2015 $'000
Revenue from the sale of goods			
Domestic market		128,286	84,775
Export market		5,257	46,325
Total revenue from the sale of goods	1 (a)	133,543	131,100
Results from segment activities			
Domestic market		32,024	18,915
Export market		947	1,843
Total results from segment activities		32,971	20,757
Unallocated		(1,531)	(671)
Interest income		24	60
Other income		2,703	3,404
Fair value adjustment of biological assets		31,564	(7,592)
Depreciation and amortisation expense		(11,195)	(9,053)
Finance costs		(1,830)	(1,658)
Other expenses		(7,761)	(7,130)
Profit/ (loss) before income tax expense		44,945	(1,883)

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 condensed consolidated income statement, the condensed consolidated statement of comprehensive income and the condensed consolidated balance sheet.

All of the non-current assets are located in Australia being the domicile country of the Consolidated 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.

18. Subsequent events

In the interval between the end of the half-year and the date of this report there has not been any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Group, the results of those operations, and the state of affairs of the Consolidated Group, in future financial years.

19. 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 11 to 30 are in accordance with the *Corporations Act 2001* including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the Consolidated Group's financial position as at 31 December 2016 and of its performance for the half-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.

This declaration is made in accordance with a resolution of the directors.

Neil Kearney	Peter Bender
Chairman	Managing Director and CEO
Date: 22 February 2017	Date: 22 February 2017

Independent auditor's review report to the members of Huon Aquaculture Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Huon Aquaculture Group Limited (the company), which comprises the condensed consolidated balance sheet as at 31 December 2016, the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, selected 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 during that half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Huon Aquaculture Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

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Independent auditor's review report to the members of Huon Aquaculture Group Limited (continued)

Report on the Half-Year Financial Report (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Huon Aquaculture Group Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Daniel Rosenberg
Partner

Melbourne
22 February 2017