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

1 Reporting period

- Reporting Period – Half-year ended 31 December 2017
- Previous Corresponding Period – Half-year ended 31 December 2016

2 Results for announcement to the market

	31 December 2017 $'000	31 December 2016 $'000	% Change
Revenue from ordinary activities	173,883	136,270	27.6%
Profit (loss) from ordinary activities after tax attributable to members	27,590	31,456	(12.3%)
Net profit (loss) for the period attributable to members	27,590	31,456	(12.3%)

Dividends	Amount per security Cents	Franked amount per security Cents	Total dividend amount $'000
Current year to 31 December 2017:			
Interim Dividend (per ordinary share)	5.0	2.5	4,367
Prior year to 30 June 2017:			
Final Dividend (per ordinary share)	5.0	2.5	4,367
Interim Dividend (per ordinary share)	0.0	0.0	nil

- Record date for determining entitlements to dividend – 23 March 2018
- Payment date of dividend – 12 April 2018

- 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

	31 December 2017	31 December 2016
Net tangible assets per ordinary security ($ per security)	$ 3.59	$ 3.20

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

- None.

5 Details of individual and total dividends or distributions

- Refer item 2 above.

6 Details of any dividend or distribution reinvestment plans

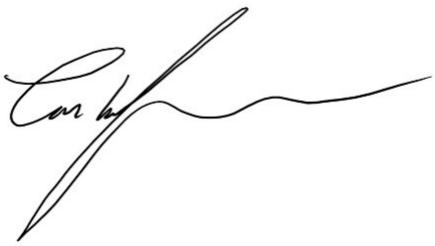
- The Company does not currently have a dividend reinvestment plan.

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: 21 February 2018

HUON AQUACULTURE GROUP LIMITED

ABN 79 114 456 781

Interim Financial Report
For the Half Year Ended 31 December 2017

HUON AQUACULTURE GROUP LIMITED

Interim Financial Report for the Half Year Ended 31 December 2017

CONTENTS

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 2017 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 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 2017.

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
Tony Dynon	Non-Executive Director

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

Production volumes increased in the first half, in line with forecasts provided at the FY2017 results, and follows on from the improved biological and financial results in FY2017. Fish have continued to perform well, resulting in a record average harvest weight for the half of 5.3kg. This together with stable pricing conditions in the domestic market resulted in an increase in revenue of $37.0m (+28%) compared to previous corresponding period (pcp).

The fair value adjustment of biological assets increased by $12.3 million during 1H2018 compared to the significant uplift in 1H2017 of $31.6m. The 1H2017 rise was linked to the strong recovery in fish stocks as a result of improved fish diets following issues associated with poor feed quality. As a result, Statutory NPAT, when compared to the strong result in the previous corresponding period, of $31.5m, was lower at $27.6m, as was Statutory EBITDA, of $51.5m compared to $57.9m pcp.

After removing the impact of the fair value adjustment of biological assets, Operating NPAT increased to $19.0m (pcp $9.4m) and Operating EBITDA increased to $39.2m (pcp $26.3m).

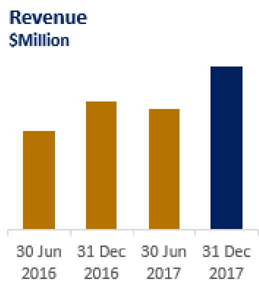
Statutory Earnings - Six months ended		31 Dec 2017	30 Jun 2017	31 Dec 2016	Dec to Dec % Change
Tonnage	t	12,693	9,071	9,377	35%
Revenue [1]	$M	170.5	126.0	133.5	28%
Revenue per HOG kg	$/kg	13.43	13.89	14.24	-6%
EBITDA [2]	$M	51.5	24.1	57.9	-11%
EBITDA per HOG kg	$/kg	4.06	2.66	6.17	-34%
EBITDA Margin	%	30.2%	19.1%	43.4%	-30%
EBIT	$M	39.2	13.3	46.8	-16%
NPAT	$M	27.6	10.7	31.5	-12%
Fair value adjustment of Biological Assets	$M	12.3	(12.4)	31.6	-61%
Related income tax refund/(expense) [3]	$M	(3.7)	3.7	(9.5)	-61%
Biological Assets	$M	195.3	188.0	190.3	3%
Earnings per share	c	31.59	12.26	36.02	-12%
Return on assets [6]	%	10.0%	12.2%	11.1%	-10%
Operating cash flow	$M	23.2	33.1	20.9	11%
Net debt [4]	$M	67.3	43.0	53.8	25%
Total gearing ratio [5]	%	21.3%	14.7%	19.0%	12%

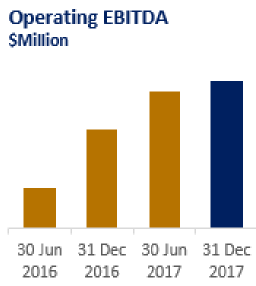
Operating Earnings - Six months ended		31 Dec 2017	30 Jun 2017	31 Dec 2016	Dec to Dec % Change
Revenue	$M	170.5	126.0	133.5	28%
Operating EBITDA [7]	$M	39.2	36.5	26.3	49%
Operating EBITDA per HOG kg	$/kg	3.09	4.02	2.80	10%
Operating EBITDA Margin	%	23.0%	29.0%	19.7%	17%
Operating EBIT	$M	26.9	25.7	15.2	77%
Operating NPAT [8]	$M	19.0	19.4	9.4	102%
Operating Earnings per share	c	21.71	22.18	10.72	103%
Operating Return on assets [6]	%	11.3%	9.2%	3.9%	190%

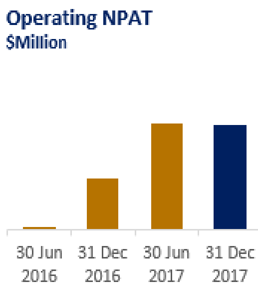
1 Revenue from the sale of goods.
2 EBITDA is a non-IFRS financial measure which is used to measure business performance, using net depreciation and amortisation recognised in the income statement.
3 Related income tax at current tax rate.
4 Net Debt is total debt net of cash and cash equivalents.
5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

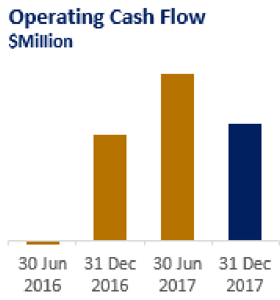
The increase in production volumes resulted in a return to the export market which was flagged at the FY2017 results. Importantly the timing and targeting of these sales was carefully controlled delivering average export prices above historic levels from this segment for Huon, despite international prices having come off their 2017 peak. This strong performance has been achieved by directing sales into the Asian market based on the strength of Huon's long term relationships as well as leveraging relationships developed in the domestic market.

The domestic market continues to show underlying growth in consumer demand, and growth in the retail channel has continued above our expectations. Pricing in both the wholesale and retail channels has remained stable, and with improvements in product mix, both channels have shown increases in average prices for the half.









Benefits from the Controlled Growth Strategy (CGS), improved fish diets and increased smolt size to sea delivered a 12% reduction in production costs per kg in the first half compared to the pcp, however increased export sales pushed freight costs up by 34% to $0.84/kg. Despite the increased freight costs, the combination of lower production costs per kg and improved sales delivered a 49% increase in operating EBITDA to $39.2m and an increase in operating EBITDA margins from 19.7% to 23.0%.

Growing conditions in the first half were, however, impacted by unseasonal warm weather during November. The early warm conditions advanced bathing and net cleaning schedules and put pressure on operational resources which has impacted biological outcomes and increased fish losses. While this will have a negative impact on our cost reduction program, we will continue to focus on efficiency projects to improve productivity in the short term and look to capitalise on reductions in cost through the Whale Point grow out facility.

In January, following a period of significantly bad weather, it was discovered that fish, with an estimated value of $1.0 million, had escaped from one of the three fortress pens at the trial Yellow Tail Kingfish site in Northern NSW. While this is extremely disappointing we have identified the cause of the loss as operational shortcomings and not related to the design or integrity of the fortress pens or associated equipment. We are taking the necessary steps to improve operations at the Yellow Tail Kingfish trial site. The loss has delayed our harvest plans but otherwise the trial is continuing as planned.

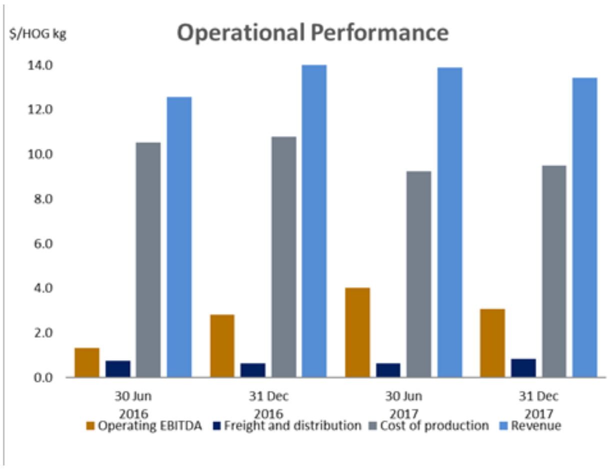
Operating Overview

Operational Performance - Six months ended		31 Dec 2017	30 Jun 2017	31 Dec 2016	Dec to Dec % Change
Harvest volume HOG	t	12,693	9,071	9,377	35%
Revenue from operations	$M	170.5	126.0	133.5	28%
Revenue $ / HOG kg	$/kg	13.43	13.89	14.24	-6%
Cost of production	$M	(120.6)	(83.7)	(101.3)	19%
Cost of production $ / HOG kg	$/kg	(9.50)	(9.23)	(10.80)	-12%
Freight and distribution	$M	(10.7)	(5.8)	(5.9)	81%
Freight and distribution $ / HOG kg	$/kg	(0.84)	(0.64)	(0.63)	34%
Operating EBITDA	$M	39.2	36.5	26.3	49%
Operating EBITDA $ / HOG kg	$/kg	3.09	4.02	2.80	10%
Margin	%	23.0%	29.0%	19.7%	17%
Fair value adjustment	$M	12.3	(12.4)	31.6	-61%

Sales volumes increased 35% or by 3,316t in the first half over pcp, in line with our forecasts. Overall 29% of production volumes or 3,710t. went into the export channel, reflecting strong demand for the Huon brand in Asia, which contributed to a 28% increase in revenues.

DIRECTORS' REPORT (CONTINUED)

Huon is focussed on building export sales to established and contracted customers. 17% of export volumes in the first half were under supply agreements and this is expected to increase above 65% in the second half. A new supply agreement with an international partner, commencing in 2H2018, together with contracts to supply product at premium prices to Japan, Taiwan and China will drive an increase in the average export price in the second half, a period when export volumes are seasonally lower.



Huon's brand differentiation program has been strengthened with the launch this half of the 'Not all salmon is Huon' and 'Harvested By Night, Fresher By Day' campaigns. Combined with our existing programs, the campaigns aim to reinforce Huon's premium quality offering.

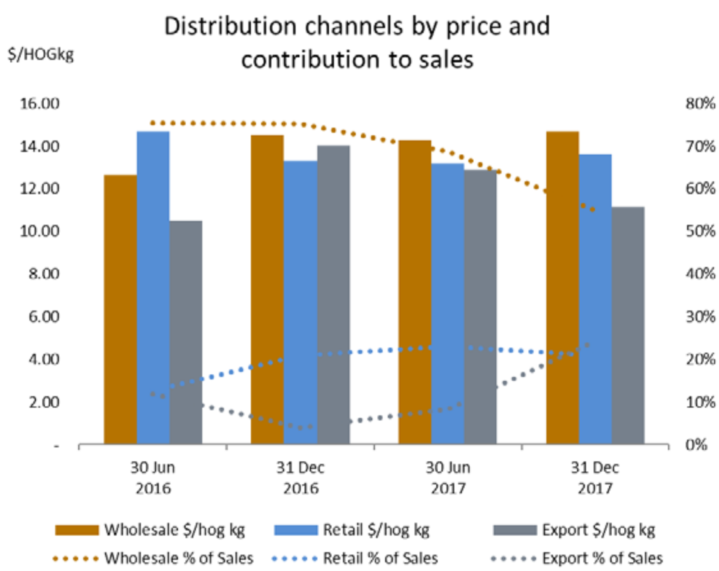
Channel Mix

Sales Channel - Six months ended		31 Dec 2017	30 Jun 2017	31 Dec 2016	Dec to Dec % Change
Wholesale HOG	t	6,372	6,053	6,898	-8%
Retail HOG	t	2,611	2,204	2,104	24%
Export HOG	t	3,710	814	375	889%
Total HOG kg	t	12,693	9,071	9,377	35%
Wholesale % of revenue	%	55%	69%	75%	-27%
Retail % of revenue	%	21%	23%	21%	0%
Export % of revenue	%	24%	8%	4%	516%
Wholesale $ / HOG kg	$/kg	14.69	14.28	14.54	1%
Retail $ / HOG kg	$/kg	13.62	13.17	13.30	2%
Export $ / HOG kg	$/kg	11.14	12.88	14.02	-21%

The domestic market has continued to perform well with both consistent pricing and volume increases over the previous June half. Underlying demand growth is still estimated at around 10% per annum.

Huon has continued its work in the retail channel growing volumes in the half by 18%, particularly in the MAP/chilled packaged salmon range.

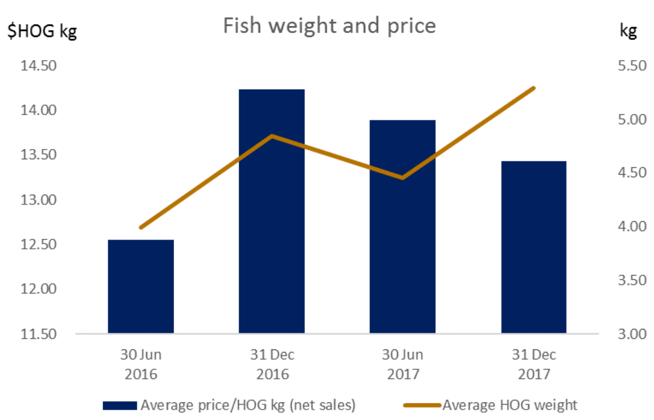
Sales into the export market have increased and Huon is targeting the majority of sales to be under contract by the end of FY2018.



Biological Assets

Biological Assets - Six months ended		31 Dec 2017	30 Jun 2017	31 Dec 2016	Dec to Dec % Change
Biological assets at fair value	$M	195.3	188.0	190.3	3%
Fair value adjustment (FVA)	$M	60.9	48.5	60.9	0%
Biological assets (excluding FVA)	$M	134.4	139.5	129.4	4%
Total weight of live finfish at sea	t	17,475	16,663	17,078	2%
Biological asset value/kg (live)	$/kg	11.18	11.28	11.14	0%
Fair value adjustment/kg (live)	$/kg	3.48	2.91	3.57	-2%
Biological assets/kg (live) (excluding FVA)	$/kg	7.69	8.37	7.58	2%
Number of fish (harvest)	000's	2,398	2,036	1,936	24%
Sales volume (HOG kg)	t	12,693	9,071	9,377	35%
Average HOG weight	kg	5.29	4.46	4.84	9%
Average price/HOG kg (net sales)	$/kg	13.43	13.89	14.24	-6%
Net sales	$M	170.5	126.0	133.5	28%

Following the recovery in biomass reported in Huon's FY2017 results, the growth in this half over pcp has been a modest 3%. The increased biomass of 812 tonnes since June 2017 was partly offset by the overall easing in the average sales price, due to the increased weighting to export. This flowed into the fair value, generating a $12.3m (pcp $31.6m) fair value adjustment gain. This is expected to reduce in the second half in line with Huon's normal biomass cycle



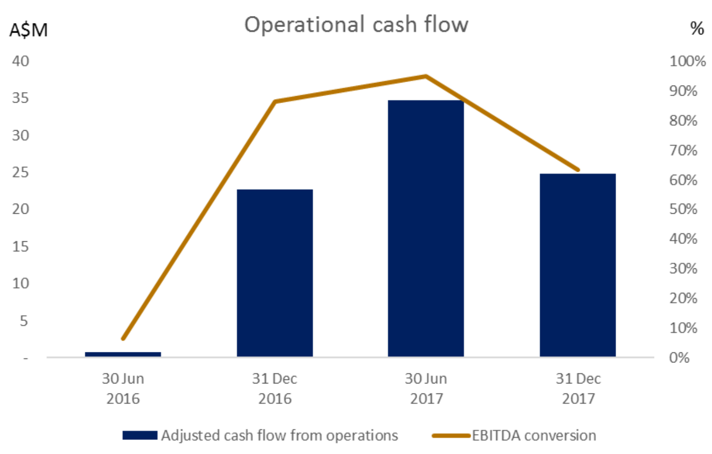
Cash Generation

Cash Generation - Six months ended		31 Dec 2017	30 Jun 2017	31 Dec 2016	Dec to Dec % Change
Operating EBITDA	$M	39.2	36.5	26.3	49%
Cash flow from operations	$M	23.2	33.1	20.9	11%
Add – net interest paid	$M	1.6	1.6	1.8	-11%
– tax paid/(refunded)	$M	-	-	-	0%
Adjusted cash flow from operations	$M	24.8	34.7	22.7	9%
EBITDA conversion	%	63%	95%	86%	-27%
Capex	$M	43.2	22.3	12.7	240%
Cash at end of period	$M	7.4	23.0	21.0	-65%

Operating cash flow has increased to $23.2m over the pcp of $20.9m. The increase has been driven by the revenue uplift and reduced debtor days outstanding. The increase in export revenue, with generally shorter payment terms, led to an increase in average cash collection rates.

Trade payables reduced in the half, with the settlement of the Ridley dispute, resulting in a net $13.1m outflow in July. Operating cashflow would otherwise have been $36.3m with an EBITDA conversion remaining above 90%.

Stock build of biological assets has been lower than the pcp. Having completed the rebuild of fish stock levels with the 2016 salmon year class, the step up to the 2017 year class has been in line with Huon's strategy to keep pace with the rate of growth in market demand, estimated at around 10%



Following the significant investment in upgrading Huon's infrastructure and processing capabilities via the CGS, in FY2018 the Company has committed to a $85m capital investment program that will expand production.

Capex in the first half of $43.2m has been directed toward the Whale Point grow out facility and continued expansion of the marine farms in the Storm Bay region. The Whale Point facility commenced construction during the half and is now well underway. Expected to cost around $45.0m, the facility forms a key part of the Huon strategy to grow smolt on land to much larger sizes before being transferred to sea.

Debt facilities of $10.0m were drawn in the half to support the capital program, increasing net debt by $24.3m, but maintaining the net gearing ratio at 21% (adjusted gearing ratio at June 2017 21%).

Improving Risk Management

Environmental performance is vital to sustainable improvements in earnings in the aquaculture business.

The unseasonably warm weather during November has continued through the summer months, resulting in an increase in Amoebic Gill Disease (AGD) which resulted in Huon increasing freshwater bathing operations to treat affected salmon. The increase in bathing, which began in November 2017, and associated mortalities has brought with it operational challenges to meet demand. The warm weather also brought disease challenges and all of this has led to lower than expected fish performance as we move into the second half, resulting in reduced volume availability. This further highlights the need for increased well boat capacity, which will be provided by "Ronja Storm", and to continue our focus on improved biosecurity practices across the whole salmon industry.

Macquarie Harbour continues to be an important growing region for Huon, where we grow both salmon and ocean trout. Huon remains concerned about the ongoing and cumulative impacts of overstocking of the region in recent years and we anticipate that total production volumes will continue to decrease until the area stabilises and returns to more normal environmental conditions. Huon has pursued legal action to safeguard the long-term sustainability of Macquarie Harbour.

Huon's focus on reducing its overall business risk has centred on its strategy of market and product diversification. Over the past 18 months Huon has improved 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 into premium overseas markets. Huon's continuing brand differentiation campaign has been aligned to support this strategy. As part of its product diversification, early results from Huon's research into yellow tail kingfish have been promising. The trial farm in northern NSW, which is in the first of a five-year pilot program, has produced some good biological results and will commence its first harvest in March 2018.

People and Safety

Huon's "Safety First" ethos has resulted in continued improvement in its Loss Time Injury Frequency Rate (LTIFR) during the first half of the FY2018 with LTIFR currently at 2.

Huon maintains its commitment to building the skills, knowledge and capabilities of its people to ensure the business reaches its full potential. This commitment is not only building the capability of the current workforce but is also preparing the business for future opportunities.

It is recognised within Huon that having a strong leadership capacity and a well-trained work force underpins a business that is productive, profitable, sustainable, and allows us to embrace emerging technological advances.

Outlook

Huon has continued the development of contracted sales into its key markets, including exports into the Asian region. This will shield the company's earnings from the volatility inherent in spot markets for salmon and ensure it receives an appropriate premium for the quality of its product.

Contracted sales into the export channel are expected increase in 2H2018, accounting for more than 65% of total exports. As a result, we expect the average price/HOG kg across all channels for FY2018 to be around $13.75-13.85, against $13.43 in the first half.

Production costs per kg reduced in 1H2018 but are expected to remain flat in 2H2018. While there is a continued focus on efficiency benefits, the cost of production (including freight), is expected to average $10.50/kg in FY2018 ($10.65/kg in pcp), as a result of the high temperatures during summer.

Volumes from the harvest in FY2018 are expected to be circa 24,000 tonnes and we anticipate a modest increase in Operating EBITDA (on pcp) in the second half. This is a reflection of the particularly strong operating performance in the second half of FY2017.

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: 21 February 2018

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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 2017, 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
21 February 2018

PricewaterhouseCoopers, ABN 52 780 433 757
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INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2017

CONDENSED CONSOLIDATED INCOME STATEMENT

For the half-year ended 31 December 2017

	Notes	Half-year	
		2017	2016
		$'000	$'000
Revenue from operations	1 (a)	**170,513**	133,567
Other income	1 (b)	3,370	2,703
Expenses			
Fair value adjustment of biological assets		12,333	31,564
Changes in inventories of finished goods and work in progress		(4,297)	11,483
Raw materials and consumables used		(82,135)	(78,312)
Employee benefits expense	2 (b)	(28,031)	(29,349)
Depreciation and amortisation expense	2 (b)	(11,829)	(11,195)
Finance costs	2 (b)	(1,683)	(1,830)
Freight & distribution expense		(10,725)	(5,925)
Other expenses		(9,971)	(7,761)
Total expenses		**(136,338)**	(91,325)
Profit/ (loss) before income tax expense		**37,545**	44,945
Income tax (expense)/ credit		(9,955)	(13,489)
Profit/ (loss) for the half-year attributable to members of the Company		**27,590**	31,456

	Cents per share	Cents per share
	2017	2016
Earnings per ordinary share		
Basic (cents per share)	31.59	36.02
Diluted (cents per share)	31.59	36.02

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 2017

	Half-year	
	2017	2016
	$'000	$'000
Profit/ (loss) for the half-year	27,590	31,456
Other comprehensive income	-	-
Total comprehensive income for the half-year (net of tax)	**27,590**	31,456
Total comprehensive income attributable to:		
Owners of Huon Aquaculture Group Limited	27,590	31,456
	27,590	31,456

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 2017

	Notes	31 December 2017 $'000	30 June 2017 $'000
Assets			
Current Assets			
Cash and cash equivalents		7,420	23,004
Trade and other receivables		39,395	29,855
Inventories		13,153	12,375
Biological assets	3	195,273	188,015
Other financial assets		-	-
Other assets		3,261	3,089
Total current assets		**258,502**	256,338
Non-current assets			
Financial assets		1,342	1,341
Property, plant and equipment	5	254,675	223,129
Other assets	6	9,515	9,736
Intangible assets	14	2,995	2,995
Total non-current assets		**268,527**	237,201
Total assets		**527,029**	493,539
Liabilities			
Current liabilities			
Trade and other payables		58,621	67,811
Borrowings	8	19,869	11,188
Other financial liabilities		923	697
Current tax liabilities		2,669	-
Provisions		6,071	5,665
Other current liabilities	15	464	464
Total current liabilities		**88,617**	85,807
Non-current liabilities			
Borrowings	8	54,886	54,812
Deferred tax liabilities		62,936	55,650
Provisions		1,256	1,161
Other non-current liabilities	15	2,655	2,887
Total non-current liabilities		**121,733**	114,510
Total liabilities		**210,350**	200,317
Net assets		**316,679**	**293,222**
Equity			
Contributed equity	9	164,302	164,302
Other reserves		778	544
Retained earnings		151,599	128,376
Total equity		**316,679**	**293,222**

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 2017

	Notes	Contributed Equity	Retained Earnings	Share-based Payment Reserve	Total Equity
		$'000	$'000	$'000	$'000
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		-	-	254	254
Dividends paid or provided for		-	-	-	-
Balance at 31 December 2016		**164,302**	**117,672**	**509**	**282,483**
Balance at 1 July 2017		**164,302**	**128,376**	**544**	**293,222**
Profit/ (loss) for the half-year		-	27,590	-	27,590
Total other comprehensive income for the half-year, (net of tax)		-	-	-	-
Share-based payment expense	10	-	-	234	234
Dividends paid or provided for		-	(4,367)	-	(4,367)
Balance at 31 December 2017		**164,302**	**155,966**	**778**	**316,679**

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 2017

	Notes	Half-year	
		2017	2016
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		164,317	122,628
Payments to suppliers and employees		(139,506)	(99,890)
		24,811	22,738
Interest received		38	24
Interest and other costs of finance paid		(1,683)	(1,830)
Income tax (paid)/ refunded		-	-
Net cash inflow/ (outflow) from operating activities		**23,166**	**20,932**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		20	47
Payments for property, plant and equipment		(43,157)	(12,700)
Payment for other assets		(1)	-
Net cash inflow/ (outflow) from investing activities		**(43,138)**	**(12,653)**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		10,000	28,750
Repayment of borrowings		(1,245)	(19,859)
Dividends paid to company's shareholders		(4,367)	-
Net cash inflow/ (outflow) from financing activities		**4,388**	**8,891**
Net increase/ (decrease) in cash held		(15,584)	17,170
Cash and cash equivalents at beginning of half-year		23,004	3,787
Cash and cash equivalents at end of half-year		**7,420**	**20,957**

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 2017 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 2017 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 2018 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. The Group is currently assessing the impact of these changes.

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.

(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 significant non-cancellable operating lease commitments of $154,365,000 (refer to note 7). 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 2017.

Performance

1. Revenue

		Half-year	
		2017	2016
		$'000	$'000
(a)	**Revenue from operations:**		
	Revenue from the sale of goods	170,475	133,543
	Interest income	38	24
	Total revenue	**170,513**	133,567
(b)	**Other income:**		
	Supplier rebates and freight income	2,668	2,139
	Government grants	336	535
	Other	366	29
	Total other income	**3,370**	2,703
	Total revenue and other income	**173,883**	136,270

2. Profit for the half-year before tax

		Half-year	
		2017	2016
		$'000	$'000
(a)	Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:		
	- Employee incentives	-	2,454
(b)	**Expenses:**		
	Gross depreciation of non-current assets	11,608	10,980
	Gross amortisation of non-current assets	221	215
	Total gross depreciation and amortisation	**11,829**	11,195
	Depreciation – net impact recognised in changes in inventories of finished goods and work in progress	402	(42)
	Net depreciation and amortisation	**12,231**	11,153
	Interest and fees	1,683	1,830
	Finance lease charges	-	-
	Total finance costs	**1,683**	1,830
	Employee benefits expense	28,031	29,349
	Total employee benefits costs	**28,031**	29,349

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

Net (gain)/ loss on disposal or property, plant and equipment	(22)	(3)

(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 2017 and for the half-year to 31 December 2016 is 30%.

3. Biological assets

	31 December 2017 $'000	30 June 2017 $'000
Biological assets at fair value (i)		
Opening balance	188,015	147,217
Increase due to production	113,001	208,349
Decrease due to sales/ harvest/ mortality	(118,077)	(186,729)
Movement in fair value of biological assets	12,333	19,178
	195,272	188,015
Closing fair value adjustment on biological assets	60,875	48,543
Total weight of live finfish at sea (kg 000's)	17,475	16,663

(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 2017			
	Level 1 $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
Recurring fair value measurements				
Biological assets	-	-	195,272	195,272
Total financial assets recognised at fair value	-	-	195,272	195,272

	30 June 2017			
	Level 1 $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
Recurring fair value measurements				
Biological assets	-	-	188,015	188,015
Total financial assets recognised at fair value	-	-	188,015	188,015

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 2017	30 June 2017
Biological assets at fair value ($'000)	195,272	188,015
Unobservable inputs	Adjusted weight of live finfish for fair value measurement: 16,077 tonne Price per HOG kg $13.53 to $14.03	Adjusted weight of live finfish for fair value measurement: 14,475 tonne Price per HOG kg $13.44 to $13.94
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	
	2017	2016
	$'000	$'000
Fully paid ordinary shares		
Dividends paid for or provided for during the half-year	4,367	-

On 24 August 2017, the Directors recommended a final ordinary dividend of $4,367,000 (5 cents per fully paid share) paid on 12 October 2017 out of retained earnings at 30 June 2017. The dividend was 50% franked.

Fully paid ordinary shares

In addition to the above dividend, on 21 February 2018 the Directors of the Company recommended the payment of an interim ordinary dividend of $4,367,000 (5 cents per fully paid share) to be paid on 12 April 2018 out of retained earnings at 31 December 2017. The Dividend will be 50% franked. The dividend has not been provided for in the 31 December 2017 financial statements.

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 2017					
Cost	5,412	42,176	261,841	25,205	334,634
Accumulated depreciation	-	(4,364)	(107,141)	-	(111,505)
Net carrying amount	**5,412**	**37,812**	**154,700**	**25,205**	**223,129**
Half-year ended 31 December 2017					
Net carrying amount at the beginning of the half-year	5,412	37,812	154,700	25,205	223,129
Additions	-	-	237	-	237
Disposals and write-offs	-	-	(3)	-	(3)
Work in progress additions	-	--	-	42,920	42,920
Depreciation and amortisation	-	(1,045)	(10,563)	-	(11,608)
Acquisition in business combination	-	-	-	-	-
Capitalisation to asset categories	-	513	15,053	(15,566)	-
Transfers between classes	-	-	-	-	-
Net carrying amount at the end of the half-year	**5,412**	**37,280**	**159,424**	**52,559**	**254,675**
At 31 December 2017					
Cost	5,412	42,690	276,966	52,559	377,627
Accumulated depreciation	-	(5,410)	(117,542)	-	(122,952)
Net carrying amount	**5,412**	**37,280**	**159,424**	**52,559**	**254,675**

6. Other non-current assets

	31 December 2017	30 June 2017
	$'000	$'000
Marine farming leases		
Cost	16,244	16,244
Accumulated amortisation	(6,729)	(6,508)
	9,515	9,736

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

7. Capital and leasing commitments

	31 December 2017 $'000	30 June 2017 $'000
Non-cancellable operating leases		
Not longer than 1 year	13,974	14,108
Longer than 1 year and not longer than 5 years	58,523	47,878
Longer than 5 years	81,868	6,889
	154,365	68,875

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 leases entered into for the well-boats 'Ronja Huon' and 'Ronja Storm'.

	31 December 2017 $'000	30 June 2017 $'000
Capital expenditure commitments		
Plant and equipment	-	-
Capital expenditure projects	28,040	-
	28,040	-
Payable:		
Not longer than 1 year	28,040	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	28,040	-

The capital commitments represent contractual requirements associated with the construction of the Whale Point grow out facility.

Net debt and working capital

8. Borrowings

	31 December 2017 $'000	30 June 2017 $'000
Current		
Secured		
Finance lease liabilities	-	-
Bank loans	19,851	9,851
Other loans	-	1,319
Unsecured		
Other loans	18	18
	19,869	11,188
Non-current		
Secured		
Finance lease liabilities	-	-
Bank loans	54,838	54,764
Other loans	-	-
Unsecured		
Other loans	48	48
	54,886	54,812
	74,755	66,000

The weighted average effective interest rate on the bank loans is 3.33% per annum (30 June 2017: 3.45% per annum).

Summary of facilities ($'000)	**31 December 2017 $'000**		30 June 2017 $'000	
	Limit	**Undrawn Balance**	Limit	Undrawn Balance
Term loan	65,000	-	65,000	-
Term loan	50,000	44,000	30,000	30,000
Working capital	6,000	2,000	6,000	6,000
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	123,500	-	103,500	-
Aggregate undrawn balance	-	46,200	-	36,200

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 2017, 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 2017					
Non-derivatives					
Trade and other payables	58,201	-	-	58,201	58,201
Borrowings	22,460	59,518	-	81,978	74,755
Total non-derivatives	**80,661**	**59,518**	**-**	**140,179**	**132,956**

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 2017					
Non-derivatives					
Trade and other payables	67,811	-	-	67,811	67,811
Borrowings	13,675	59,518	-	73,193	66,000
Total non-derivatives	**81,486**	**70,159**	**-**	**147,936**	**133,811**

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 2017		Consolidated 2016	
	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

(a) Share-based payment arrangements

The Group offers the Chief Executive Officer and senior management the opoortunity to participate in the Long-Term Incentive Plan ("the Plan"), which involves performance rights to acquire shares in Huona Aquaculture Group Limited. The Plan is designed to:

- Assist in the motivation, retention and reward of employees, including the Chief Executive Officer and members of senior management; and
- Align the interests of employees participating in the Plan more closely with the interests of shareholders by providing an opoortunity for those employees to receive an equity interest in the Huon Aquaculture Group through the granting of performance rights.

Performance period

Under the Plan, performance rights were issued to the Chief Executive Officer and members of senior management as the LTI component of their remuneration. Performance rights granted under the LTI offer have the following vesting conditions:

- 50% of the performance rights will be subject to a vesting condition based on the Company's earnings per share (EPS); and
- 50% of the performance rights will be subject to a vesting condition based on the Company's return on assets (ROA)

If the specific 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 the Chief Executive Officer and senior management on the vesting of those performance rights.

(b) Performance rights granted

Set out below is a summary of performance rights granted under the LTI plan.

Grant Date	Performance Period		Balance at start of period (number)	Granted during the period (number)	Forfeited during the period (number)	Vested during the period (number)	Balance at end of period (number)	Fair Value
	From	To						
25-Nov-15	1-Jul-15	30-Jun-18	47,834	-	-	-	47,834	$4.04
19-Oct-15	1-Jul-15	30-Jun-18	60,783	-	9,104	-	51,679	$4.01
30-Nov-16	1-Jul-16	30-Jun-18	157,111	-	12,771	-	144,340	$3.71
30-Nov-16	1-Jul-16	30-Jun-19	157,111	-	12,771	-	144,340	$3.71
30-Nov-17	1-Jul-17	30-Jun-20	-	210,429	-	-	210,429	$4.01

(c) Fair value of performance rights granted

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 (based on historical daily closing share prices), the expected dividend yield of 2.5% (in accordance with current dividend policy), and the risk free interest rate.

The expense recognised in relation to performance rights applicable to the Chief Executive Officer and senior management for the half-year ended 31 December 2017 is $233,809 (31 December 2016: $253,764).

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 2017 $'000	30 June 2017 $'000
Gross carrying amount		
Balance at the beginning of the period	4,496	4,496
Additions	-	-
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	2,895
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 2017 $'000	30 June 2017 $'000
Deferred government grants		
Current	464	464
Non-current	2,655	2,887
	3,119	3,351

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 2017 $'000	Half-year 2016 $'000
Revenue from the sale of goods			
Domestic market		129,144	128,286
Export market		41,331	5,257
Total revenue from the sale of goods	1 (a)	**170,475**	133,543
Results from segment activities			
Domestic market		41,242	32,024
Export market		4,841	947
Total results from segment activities		**46,082**	32,971
Unallocated		(795)	(1,531)
Interest income		38	24
Other income		3,370	2,703
Fair value adjustment of biological assets		12,333	31,564
Depreciation and amortisation expense		(11,829)	(11,195)
Finance costs		(1,683)	(1,830)
Other expenses		(9,971)	(7,761)
Profit/ (loss) before income tax expense		**37,545**	44,945

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

On 18 January 2018, following a period of significant bad weather, the company discovered that a number of fish from the Port Stephens Yellowtail Kingfish Trial site had escaped. The number of fish lost has been estimated and equates to $995,500.

Please refer to note 4 for the interim dividend recommended by the Directors, to be paid on 12 April 2018.

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 2017 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: 21 February 2018	Date: 21 February 2018

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 2017, 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 (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year 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 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 2017 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:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Daniel Rosenberg
Partner

Melbourne
21 February 2018