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

1 Reporting period

- Reporting Period – Half-year ended 31 December 2018
- Previous Corresponding Period – Half-year ended 31 December 2017

2 Results for announcement to the market

	31 December 2018 $'000	31 December 2017 $'000	% Change
Revenue from ordinary activities	139,271	173,883	(19.9%)
Profit (loss) from ordinary activities after tax attributable to members	26,350	27,590	(4.5%)
Net profit (loss) for the period attributable to members	26,350	27,590	(4.5%)

Dividends	Amount per security Cents	Franked amount per security Cents	Total dividend amount $'000
Current year to 31 December 2018:			
Interim Dividend (per ordinary share)	3.0	1.5	2,620
Prior year to 30 June 2018:			
Final Dividend (per ordinary share)	5.0	2.5	4,367
Interim Dividend (per ordinary share)	5.0	2.5	4,367

- Record date for determining entitlements to dividend – 22 March 2019
- Payment date of dividend – 11 April 2019

- 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 2018	31 December 2017
Net tangible assets per ordinary security ($ per security)	$ 3.78	$ 3.59

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: 22 February 2019

HUON AQUACULTURE GROUP LIMITED

ABN 79 114 456 781

Interim Financial Report
For the Half Year Ended 31 December 2018

HUON AQUACULTURE GROUP LIMITED

Interim Financial Report for the Half Year Ended 31 December 2018

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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 2018 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 2018.

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

Performance in the first half has been impacted by the supply constrained reduction in sales volumes to 9,019t, a 12% drop from 2H2018 and 29% on the record volumes of the previous corresponding period (pcp).

As noted in the results commentary from Huon's FY2018 results, volumes were forecast to be around 20,000t for FY2019. With this result we can confirm that volumes will be weighted to the second half. While Huon had anticipated that the harvest year class carried over from FY2018 would show better recovery than has been achieved, we can confirm current guidance of around 20,000t harvest volumes for the full year.

As a result of the lower volumes in the first half, the production cost (including freight and distribution) per kg has increased to $12.72/kg. An outbreak of jellyfish in several growing areas late in the first half also contributed to this cost increase. While prices have been increasing over the past 18 months, this has not been sufficient to compensate for the reduced volumes and, as a consequence, revenue has declined 20% on pcp to $136.3m.

There has been a planned increase in fish numbers put to sea during CY2018 with the aim of returning the harvest growth rates back in line with long term demand growth rates of around 10%pa. As the biomass is rebuilt over CY2019 we expect to see a return to production volumes in FY2020 of circa 25,000 tonnes.

DIRECTORS' REPORT (CONTINUED)

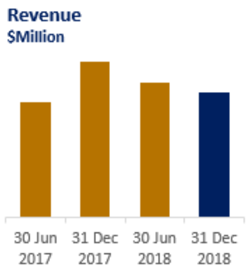
This planned biomass increase has resulted in closing biomass for 1H2019 of 18,939t with a valuation of $228.5m, and a resultant fair value increment to profit of $25.0m. This had a significant positive influence on the Statutory NPAT, which eased by 4% on pcp to $26.4m. After removing the fair value adjustment in biological assets from statutory earnings, Operating NPAT fell 53% on pcp to $8.9m.

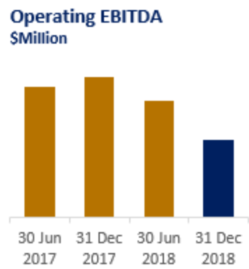
Statutory Earnings - Six months ended		31 Dec 2018	30 Jun 2018	31 Dec 2017	Dec to Dec % Change
Tonnage	t	9,019	10,275	12,693	-29%
Revenue [1]	$M	136.3	147.4	170.5	-20%
Revenue per HOG kg	$/kg	15.11	14.35	13.43	13%
EBITDA [2]	$M	46.6	7.4	51.5	-10%
EBITDA per HOG kg	$/kg	5.17	0.72	4.06	27%
EBITDA Margin	%	34.2%	5.0%	30.2%	13%
EBIT	$M	34.7	(5.0)	39.2	-11%
NPAT	$M	26.4	(1.2)	27.6	-4%
Fair value adjustment of Biological Assets	$M	25.0	(25.2)	12.3	103%
Related income tax refund/(expense) [3]	$M	(7.5)	7.6	(3.7)	103%
Biological Assets	$M	228.5	169.4	195.3	17%
Earnings per share	c	30.17	(1.38)	31.59	-4%
Return on assets [6]	%	5.2%	6.7%	10.4%	-50%
Operating cash flow	$M	(2.2)	34.8	23.2	-109%
Net debt [4]	$M	129.4	81.3	67.3	92%
Total gearing ratio [5]	%	38.8%	26.1%	21.3%	83%

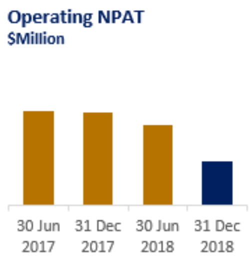
Operating Earnings - Six months ended		31 Dec 2018	30 Jun 2018	31 Dec 2017	Dec to Dec % Change
Revenue	$M	136.3	147.4	170.5	-20%
Operating EBITDA [8]	$M	21.6	32.6	39.2	-45%
Operating EBITDA per HOG kg	$/kg	2.39	3.17	3.09	-23%
Operating EBITDA Margin	%	15.8%	22.1%	23.0%	-31%
Operating EBIT	$M	9.7	20.2	26.9	-64%
Operating NPAT [9]	$M	8.9	16.4	19.0	-53%
Operating Earnings per share	c	10.10	18.82	21.71	-53%
Operating Return on assets [7]	%	5.9%	10.4%	12.2%	-52%

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 EBIT (rolling 12 months)/total assets.
7 Operating Return on Assets is measured as Operating EBIT (rolling 12 months)/total assets.
8 Operating EBITDA excludes the impact of the Fair Value Adjustment of Biological Assets.
9 Operating NPAT excludes the impact of the Fair Value Adjustment of Biological Assets and related tax impact.

Operating Overview







Whilst growing conditions improved in 1H2019 and operating resources were efficiently deployed, the increase in average fish harvest weight to 4.78kg has not been enough to compensate for the negative 2H2018 impact on biomass. This was further exacerbated by the jellyfish bloom late in 1H2019 elevating mortalities and causing lost fish growth. This impact on volume has resulted in per kg costs (including freight and distribution) increasing to $12.72 from $11.17 in the previous half.

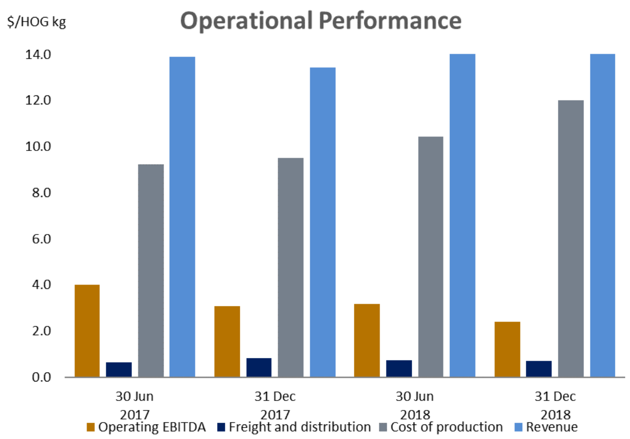
Biological performance in late January and for February to date has been effected by the impact of damaged gills from an endemic bacterium that is within the jellyfish causing high mortalities and reduced growth. It is expected fish will recover from these impacts, particularly as water temperatures reduce. The second half harvest will predominantly be from the new 2018 Year Class fish and while these fish are being impacted, it is still expected that production costs will ease, although remain elevated on a per kg basis at around $11.00.

The resulting reduction in volumes to 9,019t was greater in the export channel, however with supply constrained, volumes sold into the domestic and retail markets also declined in this half. The step back in export volumes, whilst done in a controlled manner, resulted in the exiting of an export retail contract secured in FY2018. Consistent with the supply constrained conditions in the domestic market, pricing in all three core channels increased during the half with early indications of further increases in the second half. Together with Huon's forecast increase in volume in the current half, we would expect a similar increase in revenue relative to the 1H2019.

Operational Performance - Six months ended		31 Dec 2018	30 Jun 2018	31 Dec 2017	Dec to Dec % Change
Harvest volume HOG	t	9,019	10,275	12,693	-29%
Revenue from operations	$M	136.3	147.4	170.5	-20%
Revenue $ / HOG kg	$/kg	15.11	14.35	13.43	13%
Cost of production	$M	(108.4)	(107.1)	(120.6)	-10%
Cost of production $ / HOG kg	$/kg	(12.02)	(10.42)	(9.50)	26%
Freight and distribution	$M	(6.3)	(7.7)	(10.7)	-41%
Freight and distribution $ / HOG kg	$/kg	(0.70)	(0.75)	(0.84)	-17%
Operating EBITDA	$M	21.6	32.6	39.2	-45%
Operating EBITDA $ / HOG kg	$/kg	2.39	3.17	3.09	-22%
Margin	%	15.8%	22.1%	23.0%	-31%
Fair value adjustment	$M	25.0	(25.2)	12.3	103%

DIRECTORS' REPORT (CONTINUED)

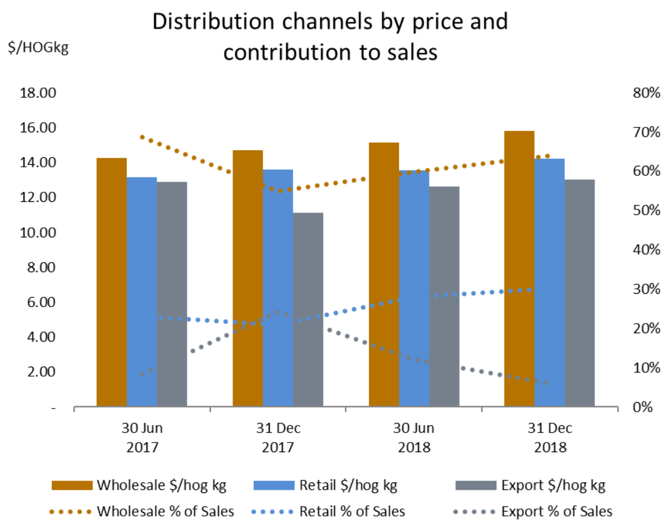
Implementation of efficiency programs has continued with completion of the feed automation and shore based feeding systems, together with the continued rollout of automated and unmanned feed barges with the launch in December of the first 600t capacity barge. The Whale Point Nursery took in its first fish in January and these fish will go to sea in mid CY2019. Along with benefits from scaling up production, these efficiency programs should result in a reduction to per kilogram production costs in FY2020 and FY2021.



Channel Mix

Huon's market channels continued to see market volume growth, however constrained supply impacted Huon's ability to leverage that growth in 1H2019.

The wholesale market price increased during 2H2018 and has remained stable throughout the 1H2019. Nevertheless, market supply constraints have continued to put upward pressure on pricing. Huon worked closely with its wholesale customers throughout this time and has continued to increase its share of the direct sales portion of this channel. We expect market conditions will provide the opportunity to increase Huon's revenue from this channel in 2H2019.



Retail continues to grow its share of the Australian salmon market. Whilst this sector has a slower rate of pricing increases due to the majority of Huon's supply arrangements including fixed term pricing, it has nevertheless seen modest price increases in this half. Huon continues to actively market to this segment where long term relationships are key to increasing the share of this growing channel.

To ensure we are able to support the continued growth in the retail and wholesale markets, particularly on the eastern seaboard, Huon has planned an expansion of its processing facilities in NSW and will move into new purpose built leased premises in 2H2019.

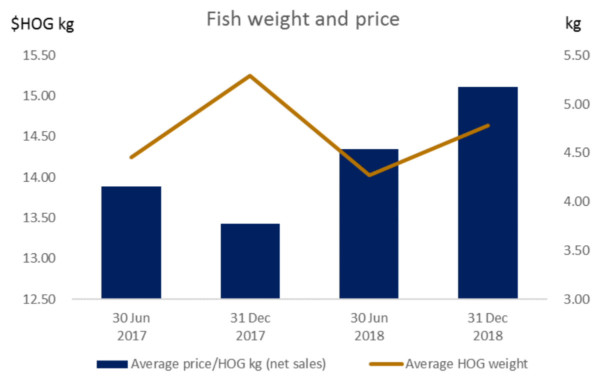
Export, and in particular targeted international retail, volumes were heavily impacted by the shortage in supply as the domestic channels took up the majority of harvest volumes. Despite this, Huon has continued to work on export supply opportunities into higher margin export segments.

Harvest volumes are forecast to increase to around 11000 t in 2H2019 and, with market pricing dynamics continuing to improve, we anticipate this will be accompanied by growth in revenue.

Sales Channel - Six months ended		31 Dec 2018	30 Jun 2018	31 Dec 2017	Dec to Dec % Change
Wholesale HOG	t	5,507	5,820	6,372	-14%
Retail HOG	t	2,895	3,054	2,611	11%
Export HOG	t	617	1,401	3,710	-83%
Total HOG kg	t	9,019	10,275	12,693	-29%
Wholesale % of revenue	%	64%	60%	55%	16%
Retail % of revenue	%	30%	28%	21%	45%
Export % of revenue	%	6%	12%	24%	-76%
Wholesale $ / HOG kg	$/kg	15.81	15.17	14.69	8%
Retail $ / HOG kg	$/kg	14.21	13.56	13.62	4%
Export $ / HOG kg	$/kg	13.03	12.65	11.14	17%

Biological Assets

Biological assets were adversely impacted by weather conditions and operations in FY2018 and we saw a particularly low biomass of 12,960t as at June 2018. As a result, the average weight of the harvest year class fish, while improving in 1H2019, did not recover to 1H2018 levels of 5.29kg. With the new 2018 Year Class fish put to sea, with a record average input weight above 200gm and better than average performance in the half, biomass has increased to 18,939t. The average value of biological assets however decreased from $13.07/kg to $12.07/kg, despite an increase in sales channel prices. The fall in value is largely due to a higher proportion of new year class fish making up the biomass at half year close.

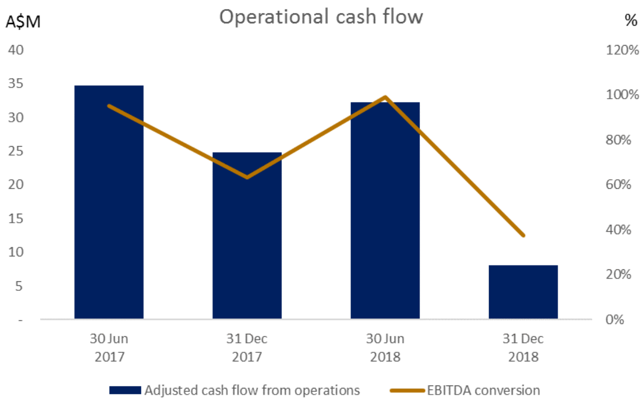


Biological Assets - Six months ended		31 Dec 2018	30 Jun 2018	31 Dec 2017	Dec to Dec % Change
Biological assets at fair value	$M	228.5	169.4	195.3	17%
Fair value adjustment (FVA)	$M	60.7	35.7	60.9	0%
Biological assets (excluding FVA)	$M	167.8	133.7	134.4	25%
Total weight of live finfish at sea	t	18,939	12,960	17,475	8%
Biological asset value/kg (live)	$/kg	12.07	13.07	11.18	8%
Fair value adjustment/kg (live)	$/kg	3.21	2.75	3.48	-8%
Biological assets/kg (live) (excluding FVA)	$/kg	8.86	10.32	7.69	15%
Number of fish (harvest)	000's	1,888	2,404	2,398	-21%
Sales volume (HOG kg)	t	9,019	10,275	12,693	-29%
Average HOG weight	kg	4.78	4.27	5.29	-10%
Average price/HOG kg (net sales)	$/kg	15.11	14.35	13.43	13%
Net sales	$M	136.3	147.4	170.5	-20%

Cash Generation

Adjusted Operating Cash Flows have reduced to $8.7m from $24.8 in the pcp. The reduction in Operating EBITDA, driven by the lower harvest volumes, and the planned investment in biomass, is the primary cause of the reduction in Operating Cash Flow.

Working capital increased 21% on pcp to $206m largely due to the increase in biological assets, with both trade receivables and trade payables remaining in line with the underlying sales and purchase activities.



Operating Cash Flow was also reduced with interest payments increasing to $2.8m from $1.6m in pcp, reflecting the higher debt position. In addition payment of tax instalments also commenced in 1H2019. Research and development expenditure is reflected in the 1H2019 tax rate of 17.4% and it is anticipated that tax refunds will be generated in 2H2019, offsetting the instalments paid in 1H2019.

Huon's bank facilities review was completed in the first half resulting in the total debt facility being increased to $192.5m from $113.5m for a further five years and covenant measures being eased. Of particular relevance was the increase in the leverage ratio from less than 2.00 to 2.75 times.

Net assets rose 5% on pcp as a result of continued investment in fixed assets. Huon's key focus during the half was to continue with its expansion in Storm Bay and to complete construction of the Whale Point Salmon Nursery. Both of these represent investments in our capacity to increase production and improve efficiency. The Whale Point facility was substantially completed with commissioning commencing in late December and the first fish introduced on 21 January.

The reduced cash flow combined with high capex in the first half saw net debt increase to $129.4m with a gearing ratio of 38.8%. We expect a strong recovery in cash flow generation over the next 2 years to support a reduction in debt, returning gearing to historic average levels.

Cash Generation - Six months ended		31 Dec 2018	30 Jun 2018	31 Dec 2017	Dec to Dec % Change
Operating EBITDA	$M	21.6	32.6	39.2	-45%
Cash flow from operations	$M	(1.6)	34.8	23.2	-107%
Add – net interest paid	$M	2.8	1.7	1.6	75%
– tax paid/(refunded)	$M	7.5	(4.2)	-	100%
Adjusted cash flow from operations	$M	8.7	32.3	24.8	-65%
EBITDA conversion	%	40%	99%	63%	-36%
Capex	$M	41.4	44.5	43.2	-4%
Cash at end of period	$M	4.5	2.8	7.4	-39%

Improving Risk Management

Environmental performance is vital to Huon's sustainability and following the extended warm summer of 2017/18 extra resources were deployed to further improve our risk mitigation strategies and increase our knowledge of the high energy environments in which we operate. These actions placed our resources and operations in an advanced stage of readiness for the current summer period.

This year Huon has faced two less frequent, but potentially serious issues:

Moon Jellyfish Bloom

During November 2018 Huon experienced a moon jellyfish bloom in the Huon River and D'Entrecasteaux Channel. These are infrequent events in the Huon Estuary, having been observed and studied for the past 40 years, but they are difficult to predict with the last occurrence in the summer of 2012/13.

The key mitigation strategy is to keep the jellyfish away from the fish, including towing the pens slowly through the water allowing the jellyfish to be pushed out through the net. This and other mitigation strategies were successfully undertaken from the date of the initial outbreak until the end of December, although not without labour and operational costs. The biological impact as a result of this episode comes from fish mortalities and lost growth. Some of those fish affected by the bloom are now suffering from gill necrosis, a secondary impact from the jellyfish encounter. This has the potential for some residual impact on the survival rates of those fish which will persist until the water temperature cools to c. 15 degrees, at which time gill health will recover.

At this point the estimated full year impact from the jellyfish is expected to be between $8m and $10m.

Bushfires in Tasmania

From late December 2018, bushfires have burnt significant parts of Tasmania (over 200,000 hectares) including in the Huon Valley region where Huon Aquaculture has a number of operational sites.

While the fires were extremely challenging for staff, facilities and the entire community there was no disruption to the harvest schedule and no loss of assets or damage to infrastructure. Rains in the second week of February eased the situation, enabling operations to return to a more normal footing.

Huon sites including farm and hatchery locations were well-prepared with emergency plans enacted. Daily emergency management meetings occurred through late January/early February to ensure appropriate contingency plans were in place. All sites had generators, water sprinklers were installed on the hatchery rooves and there was access to freshwater which could be used by firefighters as a fill point. Road closures required sea transfer of staff to/from work and harvest trucks to the processing factory.

People and Safety

Huon's 'Safety First' ethos focuses on the implementation of a range of safety strategies combined with the continuous improvement of health and safety systems, programs and processes. The key safety measure, Lost Time Injury Frequency Rate (LTIFR), improved in the half to 3 against 4 for FY2018.

Huon has a strong commitment to building the skills, knowledge and capabilities of its people to deliver its business strategy. We aim to ensure that team members and leaders are empowered to effectively manage safety and health in their areas of responsibility. The 'Huon Leaders Program' which was developed as part of this People & Capability strategy, commenced this half and will continue throughout the year.

Outlook

Huon's expectation of forecast production volumes for FY2019 remains unchanged at 20,000 tonnes with harvest volumes weighted towards the second half. As the biomass is rebuilt over 2019 we expect to see a return to production volumes in FY2020 of at least 25,000 tonnes and currently have fish in production that will support a 30,000 tonne production in FY2021. This reflects where the business would have been if it had maintained its planned growth profile of 10% pa, prior to this setback in FY2019.

The strong pricing environment was expected to offset the fall in volumes, enabling Huon to deliver continued growth in revenue and Operating EBITDA. We did not anticipate the ongoing pressure on production volumes as a result of the jellyfish bloom. This is now expected to continue into the first few months of the second half as a result of the jellyfish event. A more likely outcome for FY2019 therefore is for a slight reduction in revenue and for Operating EBITDA to be 5-10% below the record result of Operating EBITDA $71.8m reported for FY2018.

The fundamentals of the business continue to be underpinned by a market environment in which growth in supply continues to fall short of the long term trend of growth in demand, both in Australia and globally.

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 10 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 2019

Auditor's Independence Declaration

As lead auditor for the review of Huon Aquaculture Group Limited for the half-year ended 31 December 2018, 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.

Alison Tait
Partner
PricewaterhouseCoopers

Melbourne
22 February 2019

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INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2018

CONDENSED CONSOLIDATED INCOME STATEMENT

For the half-year ended 31 December 2018

	Notes	Half-year	
		2018	2017
		$'000	$'000
Revenue from operations	1 (a)	**136,269**	170,513
Other income	1 (b)	3,002	3,370
Expenses			
Fair value adjustment of biological assets		25,045	12,333
Changes in inventories of finished goods and work in progress		34,611	(4,297)
Raw materials and consumables used		(97,710)	(82,135)
Employee benefits expense	2 (b)	(34,996)	(28,031)
Depreciation and amortisation expense	2 (b)	(13,904)	(11,829)
Finance costs	2 (b)	(2,805)	(1,683)
Freight & distribution expense		(6,239)	(10,725)
Other expenses		(11,382)	(9,971)
Total expenses		**(107,380)**	(136,338)
Profit/ (loss) before income tax expense		**31,891**	37,545
Income tax (expense)/ credit		(5,541)	(9,955)
Profit/ (loss) for the half-year attributable to members of the Company		**26,350**	27,590

	Cents per share	Cents per share
	2018	2017
Earnings per ordinary share		
Basic (cents per share)	30.17	31.59
Diluted (cents per share)	30.17	31.59

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 2018

	Half-year	
	2018	2017
	$'000	$'000
Profit/ (loss) for the half-year	26,350	27,590
Other comprehensive income	-	-
Total comprehensive income for the half-year (net of tax)	**26,350**	27,590
Total comprehensive income attributable to:		
Owners of Huon Aquaculture Group Limited	26,350	27,590
	26,350	27,590

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 2018

	Notes	31 December 2018 $'000	30 June 2018 $'000
Assets			
Current Assets			
Cash and cash equivalents		4,517	2,787
Trade and other receivables		31,960	32,923
Inventories		12,957	12,397
Biological assets	3	228,457	169,361
Derivative financial instruments		-	571
Current tax receivable		9,945	-
Other assets		4,493	4,970
Total current assets		**292,329**	223,009
Non-current assets			
Financial assets		1,342	1,342
Property, plant and equipment	5	313,853	286,323
Other assets	6	9,074	9,295
Intangible assets	14	3,325	2,995
Total non-current assets		**327,594**	299,955
Total assets		**619,923**	522,964
Liabilities			
Current liabilities			
Trade and other payables		69,272	52,311
Borrowings	8	9,259	39,160
Derivative financial instruments		103	-
Current tax liabilities		-	6,432
Provisions		7,170	6,572
Other current liabilities	15	464	464
Total current liabilities		**86,268**	104,939
Non-current liabilities			
Borrowings	8	124,696	44,961
Deferred tax liabilities		72,044	57,577
Provisions		1,354	1,358
Other non-current liabilities	15	2,192	2,424
Total non-current liabilities		**200,286**	106,320
Total liabilities		**286,554**	211,259
Net assets		**333,369**	**311,705**
Equity			
Contributed equity	9	164,302	164,302
Other reserves		1,055	1,374
Retained earnings		168,012	146,029
Total equity		**333,369**	**311,705**

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 2018

	Notes	Contributed Equity	Retained Earnings	Share-based Payment Reserve	Total Equity
		$'000	$'000	$'000	$'000
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		-	-	234	234
Dividends paid or provided for		-	(4,367)	-	(4,367)
Balance at 31 December 2017		**164,302**	**151,599**	**778**	**316,679**
Balance at 1 July 2018		**164,302**	**146,029**	**1,374**	**311,705**
Profit/ (loss) for the half-year		-	26,350	-	26,350
Total other comprehensive income for the half-year, (net of tax)		-	-	-	-
Issue of shares pursuant to executive long term incentive plan	10	-	-	(601)	(601)
Share-based payment expense	10	-	-	282	282
Dividends paid or provided for		-	(4,367)	-	(4,367)
Balance at 31 December 2018		**164,302**	**168,012**	**1,055**	**333,369**

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 2018

	Notes	Half-year	
		2018	2017
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		140,672	164,317
Payments to suppliers and employees		(131,975)	(139,506)
		8,697	24,811
Interest received		4	38
Interest and other costs of finance paid		(2,805)	(1,683)
Income tax (paid)/ refunded		(7,451)	-
Net cash inflow/ (outflow) from operating activities		**(1,555)**	**23,166**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		101	20
Payments for property, plant and equipment		(41,352)	(43,157)
Payment for other assets		(330)	(1)
Net cash inflow/ (outflow) from investing activities		**(41,581)**	**(43,138)**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		52,595	10,000
Repayment of borrowings		(2,761)	(1,245)
Payment of shares for employee share plan		(601)	-
Dividends paid to company's shareholders		(4,367)	(4,367)
Net cash inflow/ (outflow) from financing activities		**44,866**	**4,388**
Net increase/ (decrease) in cash held		1,730	(15,584)
Cash and cash equivalents at beginning of half-year		2,787	23,004
Cash and cash equivalents at end of half-year		**4,517**	**7,420**

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 2018 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 2018 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 as a result of adopting the following standards

- AASB 9 *Financial Instruments*, and
- AASB 15 *Revenue from Contracts with Customers*.

The standards did not require any retrospective adjustments.

(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 by the Group.

(ii) 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 $233,307,000 (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. The project to determine the impact of the standard is ongoing, and is considering the appropriate judgements and estimates. The transition approach to be adopted is also being considered.

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.

(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 2018.

Performance

1. Revenue

		Half-year	
		2018	2017
		$'000	$'000
(a)	**Revenue from operations:**		
	Revenue from the sale of goods	136,265	170,475
	Interest income	4	38
	Total revenue	**136,269**	170,513
(b)	**Other income:**		
	Supplier rebates and freight income	2,448	2,668
	Government grants	463	336
	Other	91	366
	Total other income	**3,002**	3,370
	Total revenue and other income	**139,271**	173,883

2. Profit for the half-year before tax

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

		Half-year	
		2018	2017
		$'000	$'000
(a)	**Expenses:**		
	Gross depreciation of non-current assets	13,683	11,608
	Gross amortisation of non-current assets	221	221
	Total gross depreciation and amortisation	**13,904**	11,829
	Depreciation – net impact recognised in changes in inventories of finished goods and work in progress	(1,956)	402
	Net depreciation and amortisation	**11,948**	12,231
	Interest and fees	2,805	1,683
	Finance lease charges	-	-
	Total finance costs	**2,805**	1,683
	Employee benefits expense	34,996	28,031
	Total employee benefits costs	**34,996**	28,031

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

Net (gain)/ loss on disposal or property, plant and equipment	38	(22)

(b) 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 2018 is 17%, compared to 26.5% for the six months ended 31 December 2017. The lower tax rates are as a result of carry forward losses and credits for research and development amendments.

3. Biological assets

	31 December 2018 $'000	30 June 2018 $'000
Biological assets at fair value (i)		
Opening balance	169,361	188,015
Increase due to production	139,979	224,968
Decrease due to sales/ harvest/ mortality	(105,928)	(230,755)
Movement in fair value of biological assets	25,045	(12,867)
	228,457	169,361
Closing fair value adjustment on biological assets	60,721	35,676
Total weight of live finfish at sea (kg 000's)	18,939	12,960

(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 2018			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Biological assets	-	-	228,457	228,457
Total financial assets recognised at fair value	-	-	228,457	228,457

	30 June 2018			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Biological assets	-	-	169,631	169,631
Total financial assets recognised at fair value	-	-	169,631	169,631

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 2018	30 June 2018
Biological assets at fair value ($'000)	228,457	169,631
Unobservable inputs	Adjusted weight of live finfish for fair value measurement: 17,332 tonne Price per HOG kg $14.87 to $15.37	Adjusted weight of live finfish for fair value measurement: 10,714 tonne Price per HOG kg $14.86 to $15.36
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	
	2018	2017
	$'000	$'000
Fully paid ordinary shares		
Dividends paid for or provided for during the half-year	4,367	4,367

On 22 February 2019 the Directors of the Company recommended the payment of an interim ordinary dividend of $2,620,000 (3 cents per fully paid share) to be paid on 11 April 2019 out of retained earnings at 31 December 2018. The Dividend will be 50% franked. The dividend has not been provided for in the 31 December 2018 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 2018					
Cost	5,256	42,690	305,948	67,147	421,041
Accumulated depreciation	-	(6,456)	(128,262)	-	(134,718)
Net carrying amount	**5,256**	**36,234**	**177,686**	**67,147**	**286,323**
Half-year ended 31 December 2018					
Net carrying amount at the beginning of the half-year	5,256	36,234	177,686	67,147	286,323
Additions	-	-	210	-	210
Disposals and write-offs	-	-	(139)	-	(139)
Work in progress additions	-	-	-	41,142	41,142
Depreciation and amortisation		(1,047)	(12,636)	-	(13,683)
Acquisition in business combination	-	-	-	-	-
Capitalisation to asset categories	38	67	25,507	(25,612)	-
Transfers between classes	-	-	-	-	-
Net carrying amount at the end of the half-year	**5,294**	**35,254**	**190,628**	**82,677**	**313,853**
At 31 December 2018					
Cost	5,294	42,757	331,234	82,677	461,962
Accumulated depreciation	-	(7,503)	(140,606)	-	(148,109)
Net carrying amount	**5,294**	**35,254**	**190,628**	**82,677**	**313,853**

6. Other non-current assets

	31 December 2018	30 June 2018
	$'000	$'000
Marine farming leases		
Cost	16,244	16,244
Accumulated amortisation	(7,170)	(6,949)
	9,074	9,295

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

7. Capital and leasing commitments

	31 December 2018 $'000	30 June 2018 $'000
Non-cancellable operating leases		
Not longer than 1 year	17,611	14,612
Longer than 1 year and not longer than 5 years	100,915	64,714
Longer than 5 years	114,781	79,954
	233,307	159,280

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 2018 $'000	30 June 2018 $'000
Capital expenditure commitments		
Plant and equipment	-	-
Capital expenditure projects	1,937	8,984
	1,937	8,984
Payable:		
Not longer than 1 year	1,937	8,984
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	1,937	8,984

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

Net debt and working capital

8. Borrowings

The Consolidated Group entered into an agreement to refinance its debt facilities in October 2018. The total debt facility increased from $113,500,000 to $192,500,000 for a maximum term of five years. The leverage ratio covenant increased from less than 2.00 times to less than 2.75 times.

The total amounts available under the revised facilities are shown below in the Summary of facilities table.

	31 December 2018 $'000	30 June 2018 $'000
Current		
Secured		
Finance lease liabilities	-	-
Bank loans	8,907	36,851
Other loans	352	2,291
Unsecured		
Other loans	-	18
	9,259	39,160
Non-current		
Secured		
Finance lease liabilities	-	-
Bank loans	124,650	44,913
Other loans	-	-
Unsecured		
Other loans	46	48
	124,696	44,961
	133,955	84,121

The weighted average effective interest rate on the bank loans is 3.45% per annum (30 June 2018: 3.49% per annum).

8. Borrowings (continued)

Summary of facilities ($'000)	**31 December 2018 $'000**		30 June 2018 $'000	
	Limit	**Undrawn Balance**	Limit	Undrawn Balance
Term loan	50,000	-	55,000	-
Term loan	50,000	-	50,000	24,000
Working capital	10,000	6,000	6,000	5,000
Bank guarantee	2,500	200	2,500	200
Term loan	60,000	30,000	-	-
Uncommitted term loan	20,000	20,000	-	-
Uncommitted foreign exchange contracts	-	Discretionary	-	Discretionary
Uncommitted interest rate swaps	-	Discretionary	-	Discretionary
Aggregate facility limit	192,500	-	113,500	-
Aggregate undrawn balance	-	56,200	-	29,200

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 2018, 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**	**Total Contractual Cashflows**	**Carrying amount**
	$'000	$'000	$'000	$'000	$'000
At 31 December 2018					
Non-derivatives					
Trade and other payables	69,272	-	-	69,272	69,272
Borrowings	13,661	134,500	-	148,161	133,955
Total non-derivatives	**82,933**	**134,500**	**-**	**217,433**	**203,227**

Contractual maturities of financial liabilities	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total Contractual Cashflows**	**Carrying amount**
	$'000	$'000	$'000	$'000	$'000
At 30 June 2018					
Non-derivatives					
Trade and other payables	52,311	-	-	52,311	52,311
Borrowings	40,716	47,572	-	88,288	84,121
Total non-derivatives	**93,027**	**47,572**	**-**	**140,599**	**136,432**

8. Borrowings (continued)

Loan covenants:

Under the terms of the Facilities, the Consolidated Group is required to comply with certain financial covenants. The following changes were made to the loan covenants:

- the leverage ratio covenant was increased from less than 2.00 times to less than 2.75 times.

Refer to the 30 June 2018 annual report for full details of the covenants in place. The Consolidated Group complied with the financial covenants throughout the period.

9. Issued Capital

	Consolidated 2018		Consolidated 2017	
	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 opportunity to participate in the Long-Term Incentive Plan ("the Plan"), which involves performance rights to acquire shares in Huon Aquaculture Group Limited. Refer to the annual report at 30 June 2018 for details of the Plan.

(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-17	30,136	-	-	(30,136)	-	$4.04
25-Nov-15	1-Jul-15	30-Jun-18	32,360	-	-	(32,360)	-	$4.04
19-Oct-15	1-Jul-15	30-Jun-17	32,561	-	-	(32,561)	-	$4.01
19-Oct-15	1-Jul-15	30-Jun-18	34,964	-	-	(34,964)	-	$4.01
30-Nov-16	1-Jul-16	30-Jun-18	110,424	-	-	-	110,424	$3.71
30-Nov-16	1-Jul-16	30-Jun-19	144,340	-	-	-	144,340	$3.71
30-Nov-17	1-Jul-17	30-Jun-20	210,429	-	-	-	210,429	$4.01
31-Oct-18	1-Jul-18	30-Jun-21	-	237,360	-	-	237,360	$4.26

(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 2.1% (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 2018 is $281,923 (31 December 2017: $233,809).

(d) Performance rights vested

During the period 130,021 shares were purchased at an average price of $4.62 on market to satisfy performance rights that had vested at a total cost of $600,697. The shares were issued to the Chief Executive and senior management during November 2018.

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 2018 $'000	30 June 2018 $'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	**430**	100
	3,325	2,995

15. Other liabilities

	31 December 2018 $'000	30 June 2018 $'000
Deferred government grants		
Current	464	464
Non-current	2,192	2,424
	2,656	2,888

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 2018 $'000	Half-year 2017 $'000
Revenue from the sale of goods			
Domestic market		128,227	129,144
Export market		8,038	41,331
Total revenue from the sale of goods	1 (a)	**136,265**	170,475
Results from segment activities			
Domestic market		29,191	41,242
Export market		593	4,840
Total results from segment activities		**29,784**	46,083
Unallocated		2,147	(795)
Interest income		4	38
Other income		3,002	3,370
Fair value adjustment of biological assets		25,045	12,333
Depreciation and amortisation expense		(13,904)	(11,829)
Finance costs		(2,805)	(1,683)
Other expenses		(11,382)	(9,971)
Profit/ (loss) before income tax expense		**31,891**	37,545

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 segment revenue disclosed above relates to sales with external customers. No inter-segment revenue has been recognised.

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

Please refer to note 4 for the interim dividend recommended by the Directors, to be paid on 11 April 2019.

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 12 to 31 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 2018 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 2019	Date: 22 February 2019

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 2018, the Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity, Condensed consolidated statement of cash flows and Condensed consolidated income statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration for the Consolidated Group . The Consolidated Group 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 Group's financial position as at 31 December 2018 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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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 Group's financial position as at 31 December 2018 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*.

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Alison Tait
Partner

Melbourne
22 February 2019