

ASX & Media Release

30 April 2015

MARCH QUARTER CASH FLOW REPORT AND BUSINESS UPDATE – YEAR TO DATE SALES DOUBLE

Clean Seas Tuna Limited (ASX: CSS) is pleased to report that sales momentum is continuing to build as the company expands its sales and marketing focus to align with its increasing production of premium Hiramasa Kingfish.

Production

Our Hiramasa Kingfish have continued to maintain excellent health and growth through the March quarter. Their seasonal growth during the supportive warmer seawater conditions of the March quarter is reflected in their strongest period of development in FY15, achieving approximately 1,065 tonnes of net growth during the quarter. Total biomass at the end of March was around 2,350 tonnes, an increase of approximately 770 tonnes (49%) from 31 December 2014. The biomass comprised approximately 1,720 tonnes of 2014 Year Class (YC14) and 630 tonnes of YC15.

The YC15 fingerling transfer to sea pens concluded successfully in February with approximately 740,000 fingerlings transferred from our Arno Bay Hatchery to sea pens between September 2014 and February 2015. These fish continue to perform very well and harvesting of small Hiramasa Kingfish (1kg to 2kg) from YC15 commenced in late January. The vast majority of the harvest from YC15 will however be as larger Hiramasa Kingfish (4kg to 5kg) in 2016 and early 2017.

Sale of some smaller Hiramasa Kingfish of under 2kg is strategically important as it enables Clean Seas to cater to another market segment and optimise utilisation of existing capacity in the Company's farming facilities. The Company also benefits from lower unit costs due to the naturally lower feed conversion ratio (i.e. less kg of feed required per kg of weight gain) for smaller Hiramasa Kingfish.

Sales

As previously reported, sales volumes have been constrained in 2014 and early 2015 as the Company builds its stocks of Hiramasa Kingfish from the lower levels in YC13 to ensure consistent ongoing supply to customers. The final harvests of YC13 occurred in March and harvesting of the much larger YC14 commenced in late January when the fish weighed approximately 3.5kg.

Sales volumes increased as the quarter progressed with 112 tonnes sold in March, the highest sales month to date in FY15. Total sales for the quarter were 295 tonnes, bringing year to date FY15 sales to 806 tonnes which is more than double the tonnage sold in the same period of the previous year.

Local currency pricing has remained broadly consistent with previous quarters however the appreciation of the AUD against the EUR has contributed to a \$0.25 per kg reduction in average farm gate value in the March quarter.

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Our sales and marketing support activities have ramped up significantly during the March quarter. Earlier this month we announced the appointment of Mr Miles Toomey to the newly created position of General Manager – Global Sales and Marketing and the launch of Hiramasa e-news in conjunction with our new www.hiramasakingfish.com.au website and social media activities. The Company has also appointed new sales agents in the USA, Queensland and South Australia in the latter part of the March quarter. In May we will be reviewing representation in Asia to facilitate growth into that region. These initiatives will strongly support our targeted growth over coming quarters.

Cash Flow

Net operating cash outflow for the March quarter was \$3.2m, an improvement from the \$3.9m in the December quarter (excluding the \$4.2m R&D tax incentive refund). Feed payments continued at a seasonally high level of \$4.5m consistent with this being the highest growth quarter of the year and reflecting the significantly increased investment in biomass to facilitate increased sales over coming quarters. Capital expenditure was a modest \$0.4m in the quarter.

The cash balance at the end of March was \$3.0m. Clean Seas is actively managing its cash position and the June quarter is expected to be significantly more favourable due to increased sales and a substantial seasonal reduction in feed purchases.

Clean Seas is now in the final stage of bank due diligence for the provision of an appropriate working capital facility. A further announcement regarding this will be made in due course.

Outlook

Clean Seas is encouraged by the favourable response to its increasing sales and marketing activity as the much larger volumes of YC14 Hiramasa have become available during the March quarter. We remain confident in the strategic direction that has been communicated over the last 2 years.

In addition to sales expansion in existing markets, the company is using geographic expansion into new markets such as America and Asia, as well as product expansion by establishing markets for smaller Hiramasa Kingfish for non-sashimi use. The Company also intends to commence supplying frozen Hiramasa products to existing global markets.

The previous target for total FY15 sales of 1,350 tonnes is now expected to approximate 1,150 tonnes as the ramp up in sales builds more progressively. This is double the FY14 sales volume. With the increase in resources and experience in our sales management team and the continued strong growth in Hiramasa biomass, the Company still views the sales target of 2,000 tonnes in FY16 as realistic and achievable and correspondingly expects positive operating cashflow in FY16.

In line with previous guidance, the Board continues to expect that Clean Seas will report both a statutory and underlying profit for FY15, with the underlying profit being higher than in FY14. The Board notes that the inherent operational risks in aquaculture can impact this outcome.

Paul Steere
Chairman

Dr Craig Foster
Chief Executive Officer

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Clean Seas Tuna Limited

ABN

61 094 380 435

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	4,671	12,859
1.2 Payments for (a) staff costs	(1,396)	(4,110)
(b) advertising and marketing	(110)	(268)
(c) research and development	(81)	(286)
(d) leased assets	-	-
(e) feed	(4,502)	(11,476)
(f) other working capital	(1,855)	(6,858)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	112
1.5 Interest and other costs of finance paid	(2)	(5)
1.6 Income taxes paid	-	-
1.7 Other – R&D Tax Incentive Refund	-	4,167
Net operating cash flows	(3,249)	(5,865)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(3,249)	(5,865)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(425)	(1,335)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	5	6
(e) other non-current assets		
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	(420)	(1,329)
Net investing cash flows		
1.14 Total operating and investing cash flows	(3,669)	(7,194)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	53	455
1.18 Repayment of borrowings	(113)	(198)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
	(60)	257
Net financing cash flows		
	(3,729)	(6,937)
Net increase (decrease) in cash held		
1.21 Cash at beginning of quarter/year to date	6,717	9,925
1.22 Exchange rate adjustments to item 1.20		
	2,988	2,988
1.23 Cash at end of quarter		

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	153
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

- Directors fees \$75k
- Office rental payments \$3k
- Marina and net shed costs \$10k
- Consulting \$9k
- Staff and equipment hire \$38k
- Feed \$18k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash


Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,692	2,035
4.2 Deposits at call	1,296	4,682
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	2,988	6,717

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Nil	Nil
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2015
 (Company Secretary)

Print name: Wayne Materne

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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