

## ASX & Media Release

31 July 2015

### **JUNE QUARTER CASH FLOW REPORT AND BUSINESS UPDATE – STRONG SALES GROWTH AND CONTINUING PROFIT IN FY15 - POISED FOR FURTHER GROWTH**

Clean Seas Tuna Limited (ASX: CSS) has today released the June quarter Appendix 4C. Key achievements in FY15 include a 90% increase in sales volume, continued excellent fish health and growth and being well positioned for further growth in FY16. The Board also wish to take the opportunity to update the market as to likely year end results.

#### **Sales**

The Board is pleased to announce that sales increased substantially to 1,098 tonnes in FY15, a 90% increase from FY14. The Board was however disappointed that this fell 19% short of the 1,350 tonne indication originally provided. While strong sales growth was achieved in the key Australian and European markets, the re-entry into the USA and Asian markets has taken longer to achieve than forecast and is in a formative stage.

The re-entry to Asia and the USA plus further expanding sales demand in Europe and Australia are an absolute focus of the Company. The first phase of ensuring we have the right channels and advocacy in our global markets is largely completed. The next stage is to drive the sales growth.

The Directors have conservatively recognised export market re-entry costs when establishing the inventory valuation at year end that is attributable to the sales build in the year ahead.

#### **R&D Tax Incentive Refund**

We included in our FY15 half year results the \$4.167m R&D Tax Incentive Refund received in late 2014, which related to FY14 R&D activities.

Sales revenue in FY15 was approximately \$18.2m which is below the R&D Tax Incentive Refund threshold of \$20m. Clean Seas will therefore again qualify for a cash refund which is estimated at \$4.3m. The accounting treatment of this has been reviewed and it has been determined that the 15% incentive component should be recognised as Other Income while the 30% corporate tax rate component should be recognised as a tax expense credit, with the FY15 refund estimate being recognised in the FY15 results. A prior year adjustment on the same basis will be made to reflect the FY14 refund in FY14 rather than FY15 with a consistent opening balance adjustment for the FY13 refund (previously recognised in FY14).

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ABN 61 094 380 435



### **Profit Indications**

We had previously advised that FY15 underlying pre-tax profit would exceed \$1.255m, being the FY14 reported underlying pre-tax profit, which is now restated to \$2.644m reflecting the prior year adjustment for the impact of the R&D Tax Incentive as set out in the previous paragraph. As outlined in the Sales section above, after allowing for export market re-entry costs and the offset provided by the incentive component of the R&D Tax Incentive Refund, we anticipate that FY15 underlying pre-tax profit will be around \$1.1m. This is based on unaudited accounts, with the audit currently progressing satisfactorily.

Adding the tax credit portion of the R&D Tax Incentive Refund, we anticipate after tax profit of approximately \$4.0m which compares to a restated \$9.2m for FY14. The FY14 result included recognition of a \$4.0m Ausindustry Commercial Ready Grant.

### **Going Forward**

In summary, the Company;

- Is well resourced for the year ahead in terms of expertise, strategy and support for sales growth in existing markets and re-establishment of export markets.
- Has financial resources available through its cash position and key support through our CBA banking arrangements for operating growth.
- Continues to grow quality, healthy Kingfish with a focus on cost and productivity improvements.
- Has identified a range of strategic developments to further enhance our profitable growth as a food company.

We maintain our FY16 sales guidance at 2,000 tonnes and note that the inherent operational risks in aquaculture can impact future results.

Paul Steere  
Chairman

Dr Craig Foster  
Chief Executive Officer

For further information please contact;

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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")

30 June 2015

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	4,806	17,665
1.2 Payments for (a) staff costs	(1,435)	(5,545)
(b) advertising and marketing	(78)	(346)
(c) research and development	(125)	(411)
(d) leased assets	-	-
(e) feed	(1,578)	(13,054)
(f) other working capital	(2,700)	(9,558)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	115
1.5 Interest and other costs of finance paid	(2)	(7)
1.6 Income taxes paid	-	-
1.7 Other – R&D Tax Incentive Refund	-	4,167
<b>Net operating cash flows</b>	<b>(1,109)</b>	<b>(6,974)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,109)	(6,974)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(250)	(1,585)
(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	-	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)	-	-
	(250)	(1,579)
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	(1,359)	(8,553)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	455
1.18 Repayment of borrowings	(116)	(314)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
	(116)	141
<b>Net financing cash flows</b>		
	(1,475)	(8,412)
<b>Net increase (decrease) in cash held</b>		
1.21 Cash at beginning of quarter/year to date	2,988	9,925
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	1,513	1,513

+ 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	235
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 \$2k
- Marina and net shed costs \$12k
- Consulting \$9k
- Staff and equipment hire \$89k
- Feed \$48k

### 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	7,000	Nil
3.2	Credit standby arrangements	Nil	Nil

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**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	1,143	1,692
4.2 Deposits at call	370	1,296
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.23)	<b>1,513</b>	<b>2,988</b>

**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: 31 July 2015  
 (Company Secretary)

Print name: Wayne Materne

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## 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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