

Annual Report 2014-2015



Corporate Directory

Directors	Paul Steere Independent Non-Executive Chairman Hagen Stehr AO Non-Executive Director Marcus Stehr Non-Executive Director Nick Burrows Independent Non-Executive Director Paul Robinson Alternate Non-Executive Director for H Stehr
Company secretary	Wayne Materne
Executives	Craig Foster Chief Executive Officer Wayne Materne Chief Financial Officer & Company Secretary Miles Toomey General Manager – Sales and Marketing Chester Wilkes Marine Production Manager
Principal registered office in Australia	7 North Quay Boulevard, Port Lincoln SA 5606 Ph: (08) 8621 2900 Fax: (08) 8621 2990 Email: reception@cleanseas.com.au
Share register	Boardroom Pty Ltd Level 12, 225 George Street / GPO Box 3993 Sydney NSW 2000 Ph: 1300 737 760 / +612 9290 9600 Fax: 1300 653 459 Email: enquiries@boardroomlimited.com.au
Auditor	Grant Thornton Audit Pty Ltd Level 1, 67 Greenhill Road Wayville SA 5034
Stock exchange listing	Clean Seas Tuna Limited shares are listed on the Australian Securities Exchange (ASX: CSS)
Website address	www.cleanseas.com.au
Cover	<i>Scorched Hiramasa Kingfish with ssamjang sea spray, created by Frank Shek of Sydney's China Doll. Recipe available at www.hiramasakingfish.com.au.</i>

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Chairman and Chief Executive's Report

For the year ended 30 June 2015

On behalf of the Board and management, we are pleased to present the tenth Annual Report of Clean Seas Tuna Limited ('Clean Seas').

In FY15 Clean Seas again delivered both a statutory and an underlying profit as we expanded our Yellowtail Kingfish business.

The stability in the business comes from:-

- dependable biological production through improved fish growth performance, high survival rate, better planning and consistent quality Kingfish being delivered to our customers;
- introduction of a profitable second product line of smaller Kingfish to expand our markets;
- growth in our overall market resulting in a 92% increase in sales volumes;
- the 76% increase in Kingfish biomass; and
- continued support from our customers in promoting our product as a leading sashimi product and their recognition of the versatility it presents in other cooked forms.

Results for FY15

This year's statutory after tax profit of \$4.108 million compares with last year's restated profit of \$9.156 million, which included \$3.953 million from a prior year AusIndustry Commercial Ready Grant for the Southern Bluefin Tuna Lifecycle project following completion of the 5 year reporting period.

The FY15 underlying profit before tax of \$1.033 million compares with last year's restated underlying profit of \$2.644 million. These amounts are summarised as follows;

Reconciliation – Statutory to Underlying Result	FY15 \$'000	FY14(*) \$'000
Statutory net profit after tax	4,108	9,156
<u>Add / (Deduct):</u>		
R&D tax incentive refund – Tax expense credit	(3,075)	(2,778)
Capital raising expense – Tax expense	-	219
AusIndustry Commercial Ready Deferred Grant	-	(3,953)
Underlying profit before tax	1,033	2,644

(*) FY14 results restated due to a change in the R&D tax incentive refund accounting treatment.

The reduction in underlying profit is mainly attributable to allowances made by the Company in the valuation of Kingfish biomass for the costs of re-entering export markets and to cooler than average Autumn seawater temperatures which resulted in lower fish growth during that period.

The Directors consider the market re-entry costs are largely one-off costs, and that the seasonal impacts on Biomass growth will tend to normalise over time. The combined impact of these two factors reduced underlying profit before tax by approximately \$2.6 million during the FY15 year.

Chairman and Chief Executive's Report

For the year ended 30 June 2015

Sales Volumes Increased 92%

Clean Seas increased sales by 92% from 571 tonnes in FY14 to 1,098 tonnes in FY15 and we are currently selling at a rate close to 1,500 tonnes per annum. We are aiming to expand sales to approximately 2,000 tonnes in FY16 and then further increase to 3,000 tonnes over subsequent years.

Annual Sales	FY15	FY14	%
Tonnage (tonnes)	1,098	571	92%
Revenue from Kingfish Sales (\$m)	\$18.185m	\$9.917m	83%

We have made a strategic decision to undertake a profitable re-entry into broader export markets and the Company has commenced execution of this strategy in the American and Asian markets.

Sale prices have been stable in most markets as we seek to extend sales in the domestic and European market. The recent depreciation in the Australian dollar assists with growth in current export markets and with the re-entry into other markets that the Company has sold to successfully in the past.

Yellowtail Kingfish Branding

Hiramasa Kingfish is our premium brand for our sashimi grade Yellowtail Kingfish. It is well recognised in the domestic and European restaurant market. A focused effort has been implemented to utilise digital marketing to reach the leading chefs and frequent diners of high end restaurants. This has been successful in improving awareness of the versatility and reliability of our Hiramasa Kingfish. The branding of our packaged product has been refreshed to reflect the improved quality.

We will be introducing a second brand to service export markets in Asia where the Hiramasa brand creates potential confusion with Japanese varieties of kingfish. Plans for the brand launch are well advanced.

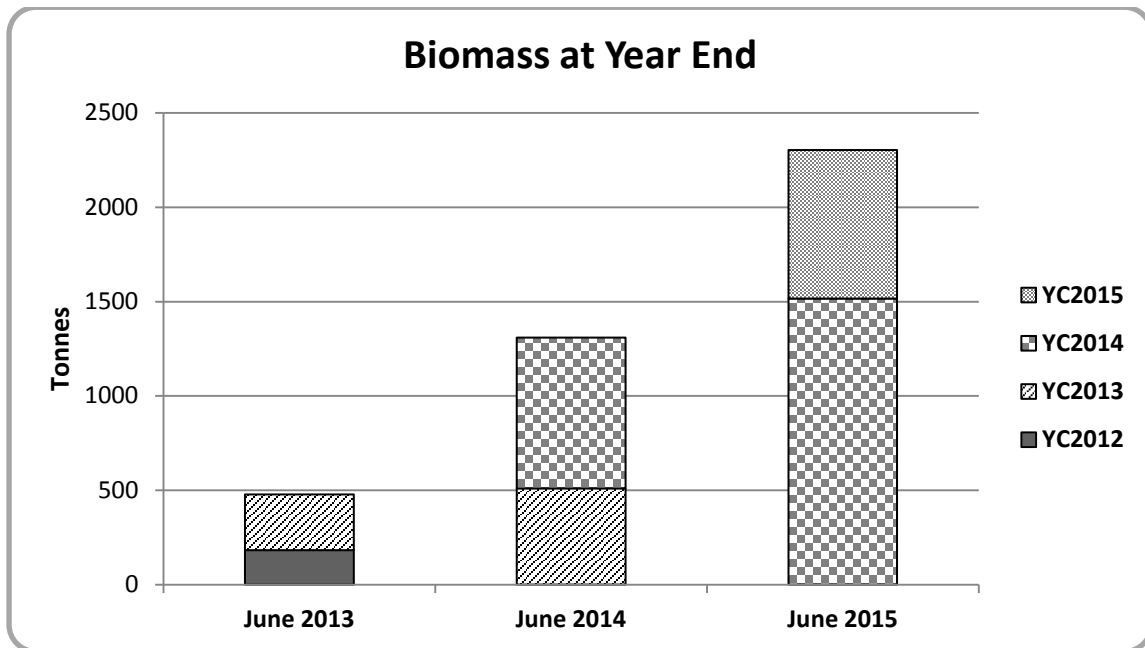
Our focus to date has been on the restaurant sector through the wholesale fish network. Our growth plans include the untapped opportunity to enter the high end retail sector. We expect to enter this market with a smaller sized fish offering in the near future.

Yellowtail Kingfish Biomass Increased 76%

Our biomass increase is in advance of our expansion of sales. The figure below shows the biomass figures at the end of each financial year. We have invested in building up the biomass to achieve our strategic goal of expanding the business ultimately to 3,000 tonnes per annum. This expansion to beyond 1,500 tonnes has been achieved without further equity from shareholders. The biomass value has increased from \$17.0 million (1,309 tonnes) in June 2014 to \$27.6 million (2,304 tonnes) in June 2015.

Chairman and Chief Executive's Report

For the year ended 30 June 2015



Survival rates of our Kingfish have continued to exceed expectation with the survival for each of the current year classes being at the top of best practice and continuing to improve:

- Year class 13: 90% survived to harvest.
- Year class 14: current survival 95%.
- Year class 15: current survival to date 97%.

We have been implementing changes to our fingerling stocking regime strategically to ensure a consistent size to harvest and to evaluate opportunities to grow a smaller kingfish for the general premium whitefish market. In 2015 we deferred the intake of a larger number of our fingerlings to later in the season - around February and March. These fish are performing well and this will assist in evening out our production and aligning harvest volumes with fresh fish demand.

Biomass growth in FY15 was impacted by cooler Autumn water temperatures than average, resulting in approximately 100 tonnes less growth than expected.

Southern Bluefin Tuna

The Board has decided to continue the Company's focus on Yellowtail Kingfish production with a scaled back R&D investment in tuna propagation.

We will retain approximately eighty Southern Bluefin Tuna broodstock for the option of accelerating the propagation program at a later stage. The broodstock tuna will be spawned once more in October before being assessed for their health and reproductive status. In the meantime we will conduct some research to better understand the cues for managing spawning and egg production.

Chairman and Chief Executive's Report

For the year ended 30 June 2015

Outlook

Clean Seas' future focus will be on the following key areas:

- the business achieving sales of 3,000 tonnes per annum over coming years to deliver improved average margins in line with our plans;
- continued improvement in fish performance, particularly through lower costs of feed per kilogram of fish grown;
- a further focus on export sales and broadening of our export markets;
- capturing the opportunities of warmer water conditions at our available growing sites;
- continuous improvement in productivity and cost efficiency;
- transforming our focus to a food company, not just a farming company by:
 - a concerted focus on new product development of Yellowtail Kingfish forms;
 - a detailed examination of our business and opportunities once we have harvested the Yellowtail Kingfish.
- delivering the benefits of the investment that we are making in feed and feed management through the support from the Department of Agriculture.

The Board and management look forward to further success in the development of the Clean Seas business in FY16 and beyond.

Appreciation

We express our sincere gratitude to our colleagues and stakeholders who have assisted us in turning the business into a stable Company with tremendous opportunities. These include our suppliers, customers, consumers, Seafood CRC, Fisheries Research and Development Corporation, South Australian Research and Development Institute, Flinders University, Department of Agriculture and the University of Sunshine Coast.

We appreciate the dedication and passion of all our staff in improving the Company and being part of our journey to bring to the market some of the best eating fish that is eaten around the world at leading restaurants. We have been particularly appreciative of our customers who have supported us and continue to spread the word of the excellent eating qualities of our product.

The Board notes that we have continued to strengthen our executive team and management expertise in the Company. Our most recent addition to our executive team is Mr. Miles Toomey as General Manager of Sales and Marketing. Miles brings a wealth of experience to our team in marketing and sales planning.

Paul Steere
Chairman

Dr Craig Foster
Chief Executive Officer

Chairman and Chief Executive's Report

For the year ended 30 June 2015

Chief Executive Succession

Dr Craig Foster, Clean Seas CEO, joined the Company in January 2012 on a four year contract. Craig has advised the Board that he plans to return to his home in Tasmania in 2016 and does not intend to renew his contract. The Directors are pleased that Craig has advised the Board he will remain available to Clean Seas for input on a range of projects and initiatives.

Since he joined the Company in January 2012, Craig has been relentless in the delivery of improved biological performance and has brought to the Company a high professional standard in aquaculture management, research and strategy. In addition Craig shepherded the Company through a necessary scale back and contraction while successfully addressing the biological challenges we faced early on in his tenure.

In the last year we have seen the fruits of that approach, with improved biological performance. While aquaculture husbandry will clearly remain a key success factor, the Company is now well placed for the supply of quality kingfish to support our developing sales reach.

Dr Foster's contribution cannot be underestimated and he enjoys the Board's gratitude and the Company's appreciation for his service including his future input and support.

We have commenced the search for a Chief Executive Officer who can continue to build on the strengths of the Company and drive the achievement of our strategic plans for growth.

Paul Steere

Chairman

Directors' Report

For the year ended 30 June 2015

The Directors of Clean Seas Tuna Limited ("Clean Seas") present their Report together with the financial statements of the Consolidated Entity, being Clean Seas Tuna Limited ("the Company") and its Controlled Entity ("the Group") for the for the year ended 30 June 2015.

Directors

The following persons were Directors of Clean Seas during or since the end of the financial year:

- Mr Paul Steere – Chairman;
- Mr Nick Burrows;
- Dr Hagen Stehr;
- Mr Marcus Stehr; and
- Mr Paul Robinson – Alternate Director for Dr Hagen Stehr.

Company Secretary

The following persons were Company Secretary of Clean Seas during or since the end of the financial year:

- Mr Frank Knight – Retired 22 August 2014; and
- Mr Wayne Materne – Appointed 22 August 2014.

Principal activities

The principal activities of the consolidated Group during the financial year were:

- The propagation of Hiramasa Yellowtail Kingfish, producing fingerlings for sale and growout;
- The growout of Hiramasa Yellowtail Kingfish for harvest and sale; and
- Research and development activities to produce juveniles of Southern Bluefin Tuna.

The Group continues to enhance its operations through new research and world's best practice techniques to deliver Hiramasa Yellowtail Kingfish of premium quality.

The Tuna research and development activities of the Group now focus on maintaining SBT broodstock until sufficient resources are available to further the propagation program in the future.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The Board and Management of Clean Seas are pleased to report a statutory profit after income tax for the year of \$4.108 million. This compares to \$9.156 million in FY14, which included \$3.953 million from a prior year Ausindustry Commercial Ready Grant for the SBT Lifecycle project following completion of the 5 year reporting period.

Significant outcomes of the FY15 year included:

- Sales volumes increased 92% to 1,098 tonnes;
- Revenue increased 78% to \$18.5 million;
- Continued excellent Yellowtail Kingfish survival rates, health and growth;
- Yellowtail Kingfish biomass at year end increased 76% to 2,304 tonnes;
- A \$7million trade finance facility was entered into with Commonwealth Bank of Australia;

Directors' Report

For the year ended 30 June 2015

- A Research and Development Tax Incentive refund will again be received, which is estimated at \$4.6 million;
- Approval by the Federal Government of a \$6 million, 3 year Rural Research and Development for Profit project that will run from FY16 to FY18 and will focus on feed development, feed management and the interaction between feed and Yellowtail Kingfish; and
- Commencement of litigation against Gibson's Limited, trading as Skretting Australia, in relation to taurine deficient feed supplied from FY09 to FY12.

Sales expansion was achieved in the key Australian and European markets with strong sales of fresh Hiramasa Kingfish to premium markets and continued recognition of the quality of our product.

Clean Seas is also now re-entering the American and Asian markets as part of its growth strategy, with both fresh and frozen products being targeted at premium market segments. Sales expansion in these markets, combined with continued growth in our established Australian and European markets, is a key focus in FY16. Costs associated with market re-entry have been factored into the Live Fish valuation adopted at June 2015.

Fish husbandry costs increased 69% to \$17.4 million, which is directly attributable to the increase in biomass that was needed to facilitate the sales growth achieved this year and planned for future years. Other costs also increased for the same reason.

Net Assets increased 9% to \$51.9 million, with a 62% increase in the value of Yellowtail Kingfish held for sale and a reduction in the cash balance to fund this growth being the most significant changes in the Group's balance sheet.

A review of the accounting treatment for the Research and Development Tax Incentive refund concluded that it should be recognised on an accrual basis and 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. This has necessitated a restatement of the prior year financial statements to ensure comparability, with this restatement explained more fully in the notes to the Financial Statements.

Research and development activities into Southern Bluefin Tuna continued during the year on a scaled back basis as detailed last year. Options for the future development of these activities continue to be under review.

The \$6 million, 3 year Rural Research and Development for Profit project commences in FY16 and will be a key component of measures being taken to improve feed conversion rates while also optimising fish health and performance. Clean Seas will contribute \$150k per annum for the 3 years to this project, while approximately half of the \$6m will be provided by the Federal Government and the balance by various State Government bodies and other industry participants. The project is being coordinated by the Fisheries Research and Development Corporation.

The litigation against Gibson's Limited is in its early stages and follows unsuccessful attempts to reach a commercial settlement. As noted in the accounts, no amounts have been included for potential

Directors' Report

For the year ended 30 June 2015

compensation to be received or potential costs in undertaking this litigation. Clean Seas has also reserved its rights against another feed supplier in relation to this same issue.

The Chairman and Chief Executive's report contains further information on the operations of the Group during the year.

Significant changes in the state of affairs

During the year, the following change occurred within the Group:

Bank Working Capital Facility

In May 2015 the Group finalised an agreement with Commonwealth Bank of Australia for provision of a secured \$7.0m Trade Finance Facility which will provide general and transactional funding. This is an ongoing facility subject to annual review. The facility will be utilised in supporting the next steps in our development strategy for our Hiramasa Kingfish, in combination with the cash generation from our Hiramasa sales growth. This facility had been established but remained undrawn as at 30 June 2015.

Dividends

The Directors have resolved that no dividend be payable for the year ended 30 June 2015 (2014: \$nil).

Events arising since the end of the reporting period

There are no matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

The Directors note that it has been announced in conjunction with the release of this report that Dr Craig Foster, Chief Executive Officer of Clean Seas, has advised that he will not renew his contract in early 2016. A search for his successor has commenced and a further announcement will be made at the appropriate time.

Likely developments, business strategies and prospects

Clean Seas' focus in FY16 and beyond is to:

- continue to expand sales in established markets and new markets at prices which reflect a premium market position;
- continue to develop products which capitalise on the premium quality of its Hiramasa Yellowtail Kingfish;
- continue to identify improvements, efficiencies and cost reductions in all stages of the value chain;
- continue to develop and produce high quality fish with high survival rates, strong growth rates and improved feed conversion rates;
- consider alternative production locations with more favourable production characteristics; and
- continue to assess options for the Company's intellectual property in Southern Bluefin Tuna.

Directors' Report

For the year ended 30 June 2015

Clean Seas has advised that it expects sales volumes in FY16 of approximately 2,000 tonnes, an 82% increase from the 1,098 tonnes in FY15. Over subsequent years the company expects to further increase sales to 3,000 tonnes and beyond. The Group has the water leases and licences and hatchery capacity to produce up to 6,000 tonnes per annum.

Further commentary is provided in the Chairman and Chief Executive's report.

Information on Directors and Senior Management

Mr Paul Steere – Chairman, Independent Non-Executive Director

Mr Steere was appointed to the Company Board on 20 May 2010 and was appointed Chairman effective 22 May 2012. He is also Chairman of the Remuneration and Nominations Committee and a member of the Finance, Audit and Risk Management ('FARM') Committee.

Mr Steere was Chief Executive of New Zealand King Salmon for 15 years from 1994 to 2009. NZ King Salmon is the leading aquaculture company in New Zealand and globally the largest Chinook salmon farmer with an international reputation for quality, service, process/product innovation and professionalism.

Prior to joining NZ King Salmon, Mr Steere served in senior executive roles with the NZ Dairy Board and a British International Trader, including a range of sole charge stewardship and Directorships.

Mr Steere remains a Director of NZ King Salmon and also holds the following positions:

- Chair of Nelson Airport Limited;
- Government appointed Councillor of the Nelson Marlborough Institute of Technology;
- Trustee of NZ Red Cross Foundation;
- Director of Allan Scott Family Winemakers Limited of Marlborough NZ; and
- Director of Kaynemaile Limited, a company producing unique ring linked curtains for architectural applications and aquaculture farm netting.

Mr Steere is a member of the New Zealand Institute of Directors.

Dr Hagen Stehr – Non-Executive Director

Appointed to the Company Board at incorporation in September 2000, Dr Stehr holds the position of founding Director. Dr Stehr was Chairman from September 2000 to December 2009.

Dr Stehr's extensive knowledge of and experience in the fishing and aquaculture industries are well documented, having been a co-founder of the world's first Southern Bluefin Tuna offshore ranching industry in 1990 and a major player in the Tuna industry since 1960 in Australia and other parts of the world.

In addition to being a Director of Australian Tuna Fisheries Pty Ltd (a major shareholder in Clean Seas), Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd, Dr Stehr is currently:

- Chairman of the Australian Maritime and Fisheries Academy (Australian Fisheries Academy Ltd) since 1997, a major institution for training of fishermen and seafarers; and
- Board member of Primary Industries Skills Council SA Inc

Directors' Report

For the year ended 30 June 2015

Dr Stehr has previously also held the following positions:

- Founding member of Australian Bight Seafood in 1971;
- Chair of the South Australian Marine Finfish Farmers Association Inc, the peak body for the sea farming industry;
- Chairman of the South Australian Fishing and Seafood Industry Training Council for over 20 years, being the longest serving Chairman;
- Member of the South Australian Government's Aquaculture Advisory Committee;
- Founding Board member of the Australian Tuna Boat Owners Association (now Australian Southern Bluefin Tuna Industry Association Ltd); and
- Founder of Fishing Industry House.

In 1997 Dr Stehr became a Justice of the Peace and was awarded the Officer of the Order of Australia (AO) for services to the Seafood Industry.

In 2000 Dr Stehr was awarded the Australian Centenary Medal.

In 2010 Dr Stehr received an honorary doctorate from the University of the Sunshine Coast in recognition of his internationally significant contribution to sustainable fishing industries.

In 2014 Dr Stehr was awarded the title of Food Ambassador for South Australia by the South Australian Government.

Mr Marcus Stehr - Non-Executive Director

Mr Stehr was appointed to the Company Board on incorporation in September 2000. He is also a member of the FARM Committee and the Remuneration and Nominations Committee.

Mr Stehr's technical qualifications include Master Class 4 Fishing/Trading Skippers certificates, MED 1 and Dive Master certificates. Commercial qualifications include business management courses spanning post graduate studies in Business and completion of the Company Director's Course. He is a Graduate Member of the Australian Institute of Company Directors.

Mr. Stehr has accumulated 25 years hands on experience in marine finfish aquaculture operations encompassing Tuna, Kingfish and Mulloway.

In addition to being a Director of Australian Tuna Fisheries Pty Ltd (a major shareholder in Clean Seas), Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd, Mr Stehr makes a strong contribution to the Australian fishing and aquaculture industries as:

- Board member of the Australian Southern Bluefin Tuna Industry Association Ltd; and
- Director of the Australian Maritime and Fisheries Academy (Australian Fisheries Academy Ltd).

He has also previously held the following positions;

- Board member of the South Australian Marine Finfish Farmers Association Inc; and
- Deputy member of the South Australian Government's Aquaculture Advisory Committee.

Directors' Report

For the year ended 30 June 2015

Mr Nick Burrows – Independent Non-Executive Director

Mr Burrows was appointed to the Company Board on 18 April 2012. He is also Chairman of the FARM Committee and a member of the Remuneration and Nominations Committee.

Mr Burrows is a respective Fellow of the Australian Institute of Company Directors, Institute of Chartered Accountants Australia, Governance Institute of Australia Ltd and the Financial Services Institute of Australasia and is a Chartered Accountant and Registered Company Auditor.

Mr Burrows was Chief Financial Officer and Company Secretary of Tassal Group Limited for 21 years from 1988 to 2009 and accordingly brings to the Board the benefits of an extensive and contemporary senior executive ASX200 aquaculture listed entity background.

Mr Burrows' Directorship background encompasses a multi-sector portfolio of Chair, Non-Executive Directorship and Board Committee positions spanning local and state government, not-for-profit and major private companies. He is:

- Chairman of TasTAFE;
- Chairman of Tasmanian Quality Assured Inc ;
- Non-Executive Director of Tasmanian Water & Sewerage Corporation Pty Ltd;
- Non-Executive Director of Metro Tasmania Pty Ltd;
- Non-Executive Director of Australian Seafood Industries Pty Ltd;
- Director of Value Adviser Associates; and
- Member of the Australian China Business Council – Tasmanian Chapter.

He also has significant experience as an Audit and Risk Committee member across his multi-sector Board portfolio.

Mr Burrows has had a long involvement with Governance Institute of Australia including serving as National President and is currently serving on the Tasmanian Branch Council.

Mr Paul Robinson – Non-Executive Alternate Director

Mr Robinson was appointed Alternate Director for Dr Hagen Stehr in December 2005. He is also a consultant to the FARM Committee.

Mr Robinson is a Fellow of the Institute of Chartered Accountants with fifteen years experience as a partner of a leading international accounting practice. He is Chairman and Non-Executive Director for a number of private property and investment companies. He was appointed a Non-Executive Director of Australian Tuna Fisheries Pty Ltd, a major Clean Seas shareholder which is associated with Dr Hagen Stehr, in May 2006. He is also a Director of PSMMR Pty Ltd which provides consulting services to Clean Seas.

Dr Craig Foster – Chief Executive Officer

Dr Foster was appointed as Chief Executive Officer on 16 January 2012.

He has a wealth of experience in private veterinary practice, aquaculture research, finfish farming in temperate and tropical waters, aquafeed milling, aquafeed nutrition and corporate management.

Directors' Report

For the year ended 30 June 2015

Dr Foster was Managing Director of Skretting Australia, the leading fish feed manufacturer in the Australian and New Zealand region, and its subsidiary Marine Harvest Australia from 2000 to 2005, having worked for Skretting for five years previously.

Dr Foster is a Director of Seafood CRC, a promoter and funder of seafood research.

He also provided aquaculture management consultancy services to aquaculture companies for four years prior to taking up the position as Chief Executive Officer for Clean Seas.

Mr Wayne Materne – Company Secretary and Chief Financial Officer

Mr Materne was appointed Company Secretary and Chief Financial Officer of Clean Seas on 22 August 2014.

Mr Materne is a Fellow of CPA Australia and a Graduate Member of the Australian Institute of Company Directors.

He has extensive experience in CFO and senior finance roles in the agribusiness and manufacturing sectors with ASX listed and unlisted companies. This includes experience in livestock, forestry and wine / viticulture with companies including Elders, SA Forestry Corporation, Southcorp and Nepenthe.

Directors' meetings

The number of Board meetings and meetings of Board Committees held during the year, and the number of meetings attended by each Director is as follows:

Director's name	Board Meetings		FARM Committee (2)		Remuneration and Nominations Committee	
	A	B	A	B	A	B
Paul Steere	14	14	7	7	1	1
Nick Burrows	14	14	7	7	1	1
Hagen Stehr (1)	14	13	-	-	-	-
Marcus Stehr	14	12	7	5	1	-

(1) Paul Robinson attended 1 Board meeting and 6 FARM meetings as Alternate Director for Hagen Stehr.

(2) FARM Committee is the Finance, Audit and Risk Management Committee.

Where:

- **column A** is the number of meetings the Director was entitled to attend; and
- **column B** is the number of meetings the Director attended

Unissued shares under option

There are no unissued ordinary shares of Clean Seas under option at the date of this report.

Shares issued during or since the end of the year as a result of the exercise of options

During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

Directors' Report

For the year ended 30 June 2015

Remuneration Report (audited)

The Directors of Clean Seas Tuna Limited ('the Group') present the Remuneration Report for Non-Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- a Principles used to determine the nature and amount of remuneration
- b Details of remuneration
- c Service agreements
- d Bonuses included in remuneration; and
- e Other information.

a. Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Board has established a Remuneration and Nominations Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The Committee engages independent remuneration consultants to provide any necessary information to assist in the discharge of its responsibilities. No such consultant was engaged during the year.

Non-Executive Director Remuneration

In accordance with best practice corporate governance, the remuneration of Non-Executive Directors is structured separately from that of Executive Directors and Senior Executives.

The Company's Non-Executive Directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The Board reviews its fees to ensure the Company's Non-Executive Directors are fairly remunerated for their services, recognising the level of skill and experience required to conduct the role and to have in place a fee scale which enables the Company to attract and retain talented Non-Executive Directors.

The advice of independent remuneration consultants is taken from time to time so as to establish that Directors' fees are in line with market standards. No remuneration consultants were retained this financial year.

Non-Executive Directors do not receive any shares, options or other securities in addition to their remuneration and are not eligible to participate in any Company share plans or any other incentive plans that may be in operation. They do not receive any retirement benefits other than compulsory superannuation where applicable.

Directors' Report

For the year ended 30 June 2015

The aggregate remuneration paid to all the Non-Executive Directors (inclusive of statutory superannuation) may not exceed the current "fee pool" limit of \$360,000. This 'fee pool' is only available to Non-Executive Directors, as Board membership is taken into account in determining the remuneration paid to Executive Directors as part of their normal employment conditions.

Annual Directors' fees are currently set at \$120,000 for the Chairman of the Board and \$60,000 for all other Directors. No separate fees are paid for Board Committee membership.

Senior Executive Remuneration

The remuneration structure adopted by the Group for FY15 consists of the following components:

- fixed remuneration being annual salary and benefits
- short term incentives, being cash bonuses; and
- long term incentive, being share based remuneration, in the case of the Chief Executive

The Remuneration and Nominations Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Executive Team.

The payment of bonuses is reviewed by the Remuneration and Nominations Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses must be linked to pre-determined performance criteria.

Short Term Incentive (STI)

The Group's performance measures involve the use of annual performance objectives, metrics and performance appraisals. Financial targets are based on profit before tax or profit contribution. Non-financial targets are based on strategic goals set in relation to the main priorities for the position.

The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for business improvement, expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators ('KPI's') for the Executive Team in FY15 are summarised as follows:

- Chief Executive: Economic Food Conversion Ratio for yellowtail kingfish, profit contribution from yellowtail kingfish and aquaculture produced Southern Bluefin Tuna juvenile numbers;
- CFO and Company Secretary: Consolidated PBT and personal targets related to the position; and
- Marine Production Manager: Consolidated PBT and subsidiary company PBT.

Long Term Incentive (LTI)

A share based LTI was applicable to the Chief Executive, which formed part of his January 2012 Executive Employment Agreement. This was based on an entitlement to Performance Rights, being rights to acquire up to 400,000 shares at 8.0 cents, if the VWAP of Clean Seas shares ranged from above

Directors' Report

For the year ended 30 June 2015

14 cents (pro-rata entitlement) to 25 cents (full entitlement) in the month of June 2015. These share price levels were not achieved and therefore no entitlement to Performance Rights has arisen.

Performance Reviews

Management have regular annual performance reviews in accordance with established procedures.

Pursuant to the Board's and Board Committee's respective Charters, the Board conducts annual evaluations of its performance, the performance of its Committees, the Chairman, individual Directors and the key governance processes that support the Board's work. The respective Board Committee Charters also require the Committees to evaluate their performance and composition at least annually to determine whether they are functioning effectively by reference to current best practice. This evaluation is presented to the Board for review.

Voting and comments made at the Company's last Annual General Meeting

The Group received 100% 'yes' votes on a show of hands on its Remuneration Report for the financial year ending 30 June 2014. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following measures in respect of the current financial year and the previous four financial years:

Item	2015	2014(*)	2013(*)	2012	2011
Basic EPS (cents)	0.37	0.94	(5.18)	(6.25)	(7.39)
Profit / (loss) before tax (\$'000)	1,033	6,597	(32,405)	(30,750)	(14,731)
Profit / (loss) after tax (\$'000)	4,108	9,156	(28,301)	(30,750)	(32,361)
Net Assets (\$'000)	51,899	47,791	29,433	54,540	83,708
Share price at 30 June (cents)	5.9	4.9	1.3	2.2	11.0

(*) Restated to reflect change in R&D tax incentive refund accounting

Directors' Report

For the year ended 30 June 2015

Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of the Group are shown in the table below:

Director and other Key Management Personnel remuneration (\$'000)												
Employee	Year	Short term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits		Share-based payments		Performance based percentage of remuneration	
		Cash salary and fees	Cash bonus	Non-monetary benefits			Superannuation	Long service leave	Termination payments	Options		Total
Non-Executive Directors												
Paul Steere	2015	120	-	-	-	-	-	-	-	-	120	-
Chairman, Independent	2014	110	-	-	-	-	-	-	-	-	110	-
Nick Burrows	2015	60	-	-	-	-	-	-	-	-	60	-
Independent	2014	55	-	-	-	-	-	-	-	-	55	-
Hagen Stehr (1)	2015	60	-	-	-	-	-	-	-	-	60	-
	2014	43	-	-	-	-	-	-	-	-	43	-
Marcus Stehr	2015	55	-	-	5	-	-	-	-	-	60	-
	2014	39	-	-	4	-	-	-	-	-	43	-
Paul Robinson	2015	-	-	-	-	-	-	-	-	-	-	-
Alternate Director	2014	-	-	-	-	-	-	-	-	-	-	-
Other Key Management Personnel												
Craig Foster	2015	310	67	-	31	6	-	-	-	-	414	18%
Chief Executive	2014	300	-	-	24	5	-	-	-	-	329	-
Wayne Materne - CFO & Company Secretary (2)	2015	168	10	-	17	1	-	-	-	-	196	6%
	2014	-	-	-	-	-	-	-	-	-	-	-
Frank Knight - CFO & Company Secretary (3)	2015	31	-	-	7	-	99	-	-	-	137	-
	2014	164	2	-	10	-	-	-	-	-	176	1%
Miles Toomey - GM Sales & Marketing (4)	2015	25	-	-	2	-	-	-	-	-	27	-
	2014	-	-	-	-	-	-	-	-	-	-	-
Chester Wilkes - Marine Production Manager	2015	130	-	-	12	1	-	-	-	-	143	-
	2014	130	25	-	14	1	-	-	-	-	170	16%
2015 Total	2015	959	77	-	74	8	99	-	-	-	1,217	7%
2014 Total	2014	841	27	-	52	6	-	-	-	-	926	3%

(1) Directors fees paid to a company associated with the Director

(2) Appointed 22 August 2014

(3) Retired 22 August 2014

(4) Appointed 4 May 2015

Directors' Report

For the year ended 30 June 2015

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk - STI	At risk - options
<i>Other Key Management Personnel</i>			
Craig Foster	75%	25%	-
Wayne Materne	91%	9%	-
Miles Toomey	82%	18%	-
Chester Wilkes	84%	16%	-

c. Service agreements

Remuneration and other terms of employment for the Other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary \$'000	Motor Vehicle / Allowance	Term of agreement	Notice period
Craig Foster (1)	310	Yes	4 years (to 16 January 2016)	6 months
Wayne Materne	200	No	Ongoing	3 months
Miles Toomey	170	Yes	Ongoing	4 weeks / 3 months (after 12 months)
Chester Wilkes	130	Yes	Ongoing	5 weeks

(1) Refer to Events arising since the end of the reporting period.

Directors' Report

For the year ended 30 June 2015

d. Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each Key Management Personnel for FY15, the percentage of the available bonus that was awarded in the financial year and the percentage that was forfeited because the performance criteria were not achieved is set out below. No part of the bonus carries forward to future years. The awarded bonuses have been recognised in FY15 and will be paid in FY16.

	Included in remuneration (\$'000)	Percentage vested during the year	Percentage forfeited during the year
<i>Other Key Management Personnel</i>			
Craig Foster	67	67%	33%
Wayne Materne	10	50%	50%
Frank Knight	-	-	-
Miles Toomey	-	-	-
Chester Wilkes	-	0%	100%

e. Other information

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2015 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Year ended 30 June 2015 – Shares'000					
Personnel	Balance at start of year	Granted as remuneration	Received on exercise	Other changes	Held at the end of reporting period
P Steere	457	-	-	-	457
N Burrows	431	-	-	-	431
H Stehr	101,065	-	-	(750)	100,315
M Stehr	730	-	-	-	730
P Robinson	1,750	-	-	-	1,750
C Foster	4,416	-	-	-	4,416
W Materne	-	-	-	-	-
F Knight*	499	-	-	(499)	-
M Toomey	-	-	-	-	-
C Wilkes	-	-	-	-	-
Totals	109,348	-	-	(1,249)	108,099

* Retired 22 August 2014 and reporting discontinued

None of the shares included in the table above are held nominally by Key Management Personnel. No options to acquire shares are held by Key Management Personnel.

Directors' Report

For the year ended 30 June 2015

Other Transactions with Key Management Personnel

The Group's related parties comprise its key management and entities associated with key management.

The largest shareholder in Clean Seas Tuna Limited is Australian Tuna Fisheries Pty Ltd (ATF). ATF and its associated entities controlled 9.1% of issued shares at 30 June 2015 (2014: 9.1%) and it is associated with Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd.

All transactions with related parties are negotiated on a commercial arms length basis. These transactions were as follows:

	2015 \$'000	2014 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	11	37
• Payments for towing, contract labour, fish feed, marina and net shed rent, fish and electricity	326	258
Stehr Group Pty Ltd		
• Payments for office rent	10	14
Sanchez Tuna Pty Ltd		
• Payments for consulting services	-	70
PSMMR Pty Ltd (associated with Paul Robinson – Alternate Director)		
• Payments for consulting services	36	36

The following balances are outstanding as at the reporting date in relation to transactions with related parties:

	2015 \$'000	2014 \$'000
Current receivables:		
• Australian Tuna Fisheries Pty Ltd	-	7
Current Payables		
• Australian Tuna Fisheries Pty Ltd	18	12
• PSMMR Pty Ltd	-	14

End of audited Remuneration Report.

Directors' Report

For the year ended 30 June 2015

Environmental legislation

The Group's operations are subject to Commonwealth and State regulations governing marine and hatchery operations, processing, land tenure and use, environmental requirements including site specific environmental licences, permits and statutory authorisations, workplace health and safety and trade and export.

The Group's management regularly and routinely monitor compliance with the relevant environmental regulations and compliance is regularly reported to the Board.

The Group has well established procedures to monitor and manage compliance with existing environmental regulations and new regulations as they come into force.

The Directors believe that all regulations have been met during the period covered by this Annual Financial Report and are not aware of any significant environmental incidents arising from the operations of the consolidated entity during the financial year.

Further information in relation to specific regulated areas of the operation is as follows:

The Arno Bay and Port Augusta Hatcheries operate under an Aquaculture Land based Category C License issued by the South Australian Minister for Agriculture, Food and Fisheries under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture Act 2001, Aquaculture Regulations 2005, Environment Protection (Water Quality) Policy 2003 and the Livestock Act 1997. Clean Seas has not recorded any breaches of the license requirements.

The Group operates 29 marine aquaculture licenses issued by The South Australian Minister for Agriculture, Food and Fisheries under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture Act 2001, Aquaculture Regulations 2005, Environment Protection (Water Quality) Policy 2003 and the Livestock Act 1997. There have been no material recorded breaches of the license requirements with temporary approval having been received to carry additional biomass in the Port Lincoln licences.

Indemnities given to and insurance premiums paid for Directors and officers

Under rules 50 and 51 of the Company's Constitution, each of the Company's Directors, the Company Secretary and every other person who is an officer is indemnified to the extent permitted by law and Directors and Officers Liability Insurance has been implemented. The terms of the insurance contract prohibit the Company from disclosing the level of premium paid.

Each Director has entered into a Deed of Indemnity and Access which indemnifies a Director against liabilities arising as a result of acting as a Director subject to certain exclusions and provides for related legal costs to be paid by the Company. The Deed requires the Company to maintain an insurance policy against any liability incurred by a Director in his or her capacity as a Director during that person's term of office and seven years thereafter. It also provides a Director with a right of access to Board papers and other documentation while in office and for seven years thereafter.

Directors' Report

For the year ended 30 June 2015

Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the FARM Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the FARM Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 25 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 24 of this report and forms part of this Directors' Report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

Clean Seas is a type of Company referred to in ASIC Class Order 98/100 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Class Order.

Signed in accordance with a resolution of the Directors.



Paul Steere
Chairman

28 August 2015

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Clean Seas Tuna Limited and its Controlled Entity (‘the Group’) have adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group’s Corporate Governance Statement for the financial year ending 30 June 2015 is dated as at 30 June 2015 and was approved by the Board on 28 August 2015. The Corporate Governance Statement is available on Clean Seas’ website at www.cleanseas.com.au/main/investor-information/corporate-governance.

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CLEAN SEAS TUNA LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Clean Seas Tuna Limited for the year ended 30 June 2015, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Partner – Audit & Assurance

Adelaide, 28 August 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Revenue	6	18,481	10,397
Other income	3.1, 7	1,536	5,390
Net gain arising from changes in fair value of Yellowtail Kingfish	14	11,378	10,601
Fish husbandry expense		(17,372)	(10,297)
Employee benefits expense	21.1	(5,745)	(4,612)
Fish processing and selling expense		(3,870)	(1,771)
Depreciation and amortisation expense	15	(1,705)	(1,513)
Other expenses		(1,779)	(1,879)
Profit / (Loss) before finance items and tax		924	6,316
Finance costs	8	(7)	(18)
Finance income	8	116	299
Profit / (Loss) before tax	3.1	1,033	6,597
Income tax benefit / (expense)	3.1, 9	3,075	2,559
Profit for the period from continuing operations	3.1	4,108	9,156
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period	3.1	4,108	9,156
Profit for the period and total comprehensive income for the period are attributable to owners of the parent.		4,108	9,156
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	3.1, 23.1	0.37	0.94
Diluted earnings per share (cents per share)	3.1, 23.1	0.37	0.94

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000	1 July 2013 \$'000
Assets				
<i>Current</i>				
Cash and cash equivalents	10	1,513	9,925	5,218
Trade and other receivables	3.1, 11	6,240	5,047	6,559
Inventories	13	2,451	812	430
Prepayments		209	705	448
Derivative receivable		-	-	46
Biological assets	14	27,598	17,001	6,420
Current assets		38,011	33,490	19,121
<i>Non-current</i>				
Property, plant and equipment	15	13,262	13,275	12,978
Biological assets	16	244	244	234
Intangible assets	17	3,027	3,027	3,027
Non-current assets		16,533	16,546	16,239
TOTAL ASSETS		54,544	50,036	35,360
Liabilities				
<i>Current</i>				
Trade and other payables	18	1,791	1,599	1,281
Borrowings	19	166	21	201
Provisions	20	556	515	392
Current liabilities		2,513	2,135	1,874
<i>Non-current</i>				
Borrowings	19	84	48	-
Deferred grant income		-	-	3,953
Provisions	20	48	62	100
Non-current liabilities		132	110	4,053
TOTAL LIABILITIES		2,645	2,245	5,927
Net assets	3.1	51,899	47,791	29,433
Equity				
Equity attributable to owners of the Parent:				
• share capital	22	157,736	157,736	148,534
• share option reserve		-	1,054	1,054
• retained earnings	3.1	(105,837)	(110,999)	(120,155)
Total equity	3.1	51,899	47,791	29,433

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Notes	Share capital \$'000	Share option reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2013		148,534	1,054	(126,311)	23,277
Adjustment on error correction	3.1	-	-	6,156	6,156
Balance at 1 July 2013 (restated)		148,534	1,054	(120,155)	29,433
Total Transactions with owners	22	9,202	-	-	9,202
Reported profit for the year		-	-	11,145	11,145
Adjustment on error correction	3.1	-	-	(1,989)	(1,989)
Restated profit for the year		-	-	9,156	9,156
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	9,156	9,156
Balance at 30 June 2014 (restated)		157,736	1,054	(110,999)	47,791
Transfer – expired options		-	(1,054)	1,054	-
Profit for the year		-	-	4,108	4,108
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	4,108	4,108
Balance at 30 June 2015		157,736	-	(105,837)	51,899

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows**For the year ended 30 June 2015**

	Notes	2015 \$'000	2014 \$'000
Operating activities			
Receipts from customers		17,665	9,960
Payments to suppliers and employees		(28,915)	(18,442)
R&D tax incentive refund		4,167	6,156
CRC net payments		-	(351)
Net cash used in operating activities	24	(7,083)	(2,677)
Investing activities			
Purchase of property, plant and equipment		(1,585)	(1,839)
Proceeds from disposals of property, plant and equipment		6	77
Interest received		116	312
Net cash used in investing activities		(1,463)	(1,450)
Financing activities			
Proceeds from borrowings		455	71
Repayment of borrowings		(314)	(203)
Proceeds from issue of share capital	22	-	9,713
Payments for costs incurred in capital raising	22	-	(729)
Interest paid	8	(7)	(18)
Net cash from financing activities		134	8,834
Net change in cash and cash equivalents		(8,412)	4,707
Cash and cash equivalents at beginning of year		9,925	5,218
Cash and cash equivalents at end of year	10	1,513	9,925

Note: This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2015

1 Nature of operations

Clean Seas Tuna Limited and its subsidiary's ('the Group') principal activities include finfish sales and tuna operations. These activities comprise the following:

- **Finfish sales** – The propagation, growout and sale of Yellowtail Kingfish; and
- **Tuna operations** – Research and development activities to produce juveniles of Southern Bluefin Tuna

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Clean Seas Tuna Limited is a for-profit entity for the purpose of preparing the financial statements.

Clean Seas Tuna Limited is the Group's Ultimate Parent Company and is an ASX listed Public Company (ASX: CSS) incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 7 North Quay Boulevard, Port Lincoln South Australia 5606 Australia.

The consolidated financial statements for the year ended 30 June 2015 were approved and authorised for issue by the Board of Directors on 28 August 2015.

3 Changes in accounting policies

3.1 Correction of prior period error

A review of the accounting treatment for the Research and Development (R&D) Tax Incentive Refund concluded that it should be recognised in the financial year that the relevant R&D activity occurred (i.e. accrual basis). This has previously been recognised on a cash basis. It was also concluded that of the 45% of eligible expenditure refunded, the 15% incentive component should be recognised as other income and the 30% corporate tax rate component recognised as a tax expense credit. The full 45% had previously been recognised as a tax expense credit. This has been rectified by restating each of the affected financial statement line items for prior periods as follows:

30 June 2014			
Statement of Financial Position (extract)	Previous amount \$'000	Adjustment \$'000	Restated amount \$'000
Trade and other receivables	880	4,167	5,047
Net assets	43,624	4,167	47,791
Retained earnings	(115,166)	4,167	(110,999)
Total equity	43,624	4,167	47,791

Notes to the Financial Statements

For the year ended 30 June 2015

30 June 2013			
Statement of Financial Position (extract)	Previous amount \$'000	Adjustment \$'000	Restated amount \$'000
Trade and other receivables	403	6,156	6,559
Net assets	23,277	6,156	29,433
Retained earnings	(126,311)	6,156	(120,155)
Total equity	23,277	6,156	29,433

30 June 2014			
Statement of Profit or Loss and Other Comprehensive Income (extract)	Previous amount \$'000	Adjustment \$'000	Restated amount \$'000
Other Income	4,001	1,389	5,390
Profit before income tax	5,208	1,389	6,597
Income tax expense	5,937	(3,378)	2,559
Profit for the period	11,145	(1,989)	9,156
Other comprehensive income	-	-	-
Total comprehensive income for the period	11,145	(1,989)	9,156
Basic earnings per share (cents)	1.15	(0.21)	0.94
Diluted earnings per share (cents)	1.15	(0.21)	0.94

3.2 New and revised standards that are effective for these financial statements

A number of new and revised standards and an interpretation became effective for the first time to annual periods beginning on or after 1 July 2014. Information on these new standards is presented below.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

Notes to the Financial Statements

For the year ended 30 June 2015

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* (or AASB 139 *Financial Instruments: Recognition and Measurement* where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities.

AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014.

This Standard has not had any impact on the Group as it does not meet the definition of an 'investment entity' in order to apply this consolidation exception.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*.

Notes to the Financial Statements

For the year ended 30 June 2015

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

3.3 Accounting Standards issued but not yet effective and not being adopted early by the Group

The accounting standards that have not been early adopted for the year ended 30 June 2015, but will be applicable to the Group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the Group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Year ended 30 June 2018: AASB 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. IFRS 15 requires an entity to recognise revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. Management are currently assessing the impact of the new standard but it is not expected to have a material impact on the financial performance or financial position of the consolidated entity.

Year ended 30 June 2019: AASB 9: Financial Instruments

This standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

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For the year ended 30 June 2015

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Where the fair value option is used for financial liabilities the change in fair value is to be accounted by presenting changes in credit risk in other comprehensive income (OCI) and the remaining change in the statement of profit or loss.

This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports although the Group will quantify the effect of the application of AASB 9 when the final standard, including all phases, is issued.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 Summary of accounting policies

4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and its subsidiary as of 30 June 2015. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

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4.3 Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

4.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars ("AUD"), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency

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For the year ended 30 June 2015

translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

4.5 Segment reporting

The Group has two operating segments: finfish sales and tuna operations. In identifying its operating segments, management follows the main activities and products provided by the Group (see Note 1).

Each of these operating segments is managed separately as they require different technologies, resources and capabilities and are at a different stage of development. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.6 Revenue

Revenue arises from the sale of goods and the rendering of services. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

Sale of goods

Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership.

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

4.7 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 8).

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4.9 Intangible assets

Recognition of intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Acquired fish quotas and water leases and licences are capitalised on the basis of costs incurred to acquire. Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values (see Note 4.3).

Subsequent measurement

All intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, where these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.12.

The following useful lives are applied:

- software: 3-10 years
- Primary Industries and Regions South Australia (PIRSA) water leases and licences: indefinite
- Southern Bluefin Tuna quota: indefinite

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.10 Property, plant and equipment

Land and buildings

Freehold land and buildings are recognised at their cost less accumulated depreciation and impairment losses.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Plant and equipment

Plant and equipment is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Plant and equipment also includes leasehold property held under a finance lease (see Note 4.11). These assets are subsequently measured using the cost model, being cost less subsequent depreciation and impairment losses.

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Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and equipment. The following depreciation rates are applied:

- buildings: 2.5% - 5%
- vessels: 5% - 7.5%
- cages and nets: 10% - 33%
- motor vehicles: 12.5% - 15%
- computers: 25% - 33%
- other plant and equipment: 5% - 33%

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.11 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

See Note 4.10 for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-

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generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.13 Financial instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at Fair Value Through Profit or Loss ('FVTPL')
- Held-To-Maturity ('HTM') investments; or
- Available-For-Sale ('AFS') financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of

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financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

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All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income' (see Note 4.6).

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate currency exchange risk arising from sales denominated in foreign currency.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is

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recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

4.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.15 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. The Group does not currently recognise deferred tax assets and liabilities due to uncertainty regarding the utilisation of prior year losses in future years.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

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Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Clean Seas Tuna Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation from 1 July 2007. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

4.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.17 Non-current assets and liabilities classified as held for sale and discontinued operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within twelve (12) months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position. Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal group.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

4.18 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the Board prior to the reporting date.

All transactions with owners of the Parent are recorded separately within equity.

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4.19 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and annual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds (2014: government bonds) that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment Benefit Plans

The Group provides post-employment benefits through various defined contribution plans.

Defined Contribution Plans

The Group pays fixed contributions into independent entities in relation to various plans for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

4.20 Share-based employee remuneration

The Group does not currently operate equity-settled share-based remuneration plans for its employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is

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allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

4.21 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

4.22 Biological assets

Biological assets comprise live fish held for sale and broodstock.

Live fish held for sale are valued at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on actual selling prices achieved in the three weeks following the reporting date and other relevant factors assessed as impacting fair value in accordance with *AASB141*.

Broodstock are valued at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values take into account the valuation of live fish held for sale and estimated value as

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broodstock. As the tuna research program is currently scaled back, the Board has adopted a conservative approach by valuing southern bluefin tuna broodstock at market value.

In the Directors' opinion, insurance cover is currently not available at commercially acceptable rates for the live Yellowtail Kingfish held for sale or the broodstock. The Directors have therefore chosen to actively manage the risks as the preferred alternative.

4.23 Research and development tax incentive refund

Refund amounts received or receivable under the Federal Government's Research and Development Tax Incentive are recognised on an accrual basis. The corporate tax rate component is recognised as a tax expense credit. Any additional component, being the incentive component, is recognised as a government grant.

4.24 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.25 Rounding of amounts

The Parent Entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

4.26 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Fair value of live fish held for sale

Management values live fish held for sale at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on actual selling prices achieved in the three weeks following the reporting date and other relevant factors assessed as impacting fair value in accordance with *AASB141*. These estimates may vary from net sale proceeds ultimately achieved.

Research and development tax incentive refund

The estimated amount recognised is based on detailed analysis of expenditure incurred and advice from the Group's adviser. The actual amount to be claimed is finalised after completion of the audited accounts and preparation of the Group's income tax return.

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Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in relevant tax jurisdictions (see Note 4.15).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 4.12).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and other forms of obsolescence.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

Notes to the Financial Statements

For the year ended 30 June 2015

5 Segment reporting

Management currently identifies the Group's two segments as finfish sales and tuna operations as detailed in Note 4.5. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting period is as follows:

	Finfish Sales 2015 \$'000	Tuna Operations 2015 \$'000	Unallocated 2015 \$'000	Total 2015 \$'000
Revenue				
From external customers	18,481	-	-	18,481
From other segments	-	-	-	-
Segment revenues	18,481	-	-	18,481
Other income	1,401	135	-	1,536
Net gain from changes in value of fish	11,378	-	-	11,378
Fish husbandry expense	(17,372)	-	-	(17,372)
Employee benefits expense	(5,678)	(67)	-	(5,745)
Fish processing and selling expense	(3,870)	-	-	(3,870)
Depreciation and amortisation	(1,571)	(134)	-	(1,705)
Other expenses	(1,368)	(411)	-	(1,779)
Finance costs and income	(7)	-	116	109
Segment operating profit before tax	1,394	(477)	116	1,033
Segment assets 2015	50,461	2,570	1,513	54,544

	Finfish Sales 2014 \$'000	Tuna Operations 2014 \$'000	Unallocated 2014 \$'000	Total 2014 \$'000
Revenue				
From external customers	10,397	-	-	10,397
From other segments	-	-	-	-
Segment revenues	10,397	-	-	10,397
Other income	1,207	4,183	-	5,390
Net gain from changes in value of fish	10,601	-	-	10,601
Fish husbandry expense	(10,297)	-	-	(10,297)
Employee benefits expense	(4,404)	(208)	-	(4,612)
Fish processing and selling expense	(1,771)	-	-	(1,771)
Depreciation and amortisation	(1,379)	(134)	-	(1,513)
Other expenses	(1,413)	(466)	-	(1,879)
Finance costs and income	(18)	-	299	281
Segment operating profit before tax	2,923	3,375	299	6,597
Segment assets 2014	37,123	2,988	9,925	50,036

No segment liabilities are disclosed because there is no measure of segment liabilities regularly reported to the chief operating decision maker. Unallocated operating income consists of interest income and unallocated assets consist of cash and cash equivalents.

Notes to the Financial Statements

For the year ended 30 June 2015

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue 2015 \$'000	Non-current assets 2015 \$'000	Revenue 2014 \$'000	Non-current assets 2014 \$'000
Australia	13,224	16,533	8,137	16,546
Other countries	5,257	-	2,260	-
Total	18,481	16,533	10,397	16,546

Revenues from external customers in the Group's domicile, Australia, as well as its major other markets have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

During 2015, \$1,750k or 9% (2014: \$1,031k or 10%) of the Group's revenues depended on a single customer in the finfish sales segment.

6 Revenue

Revenue for the reporting periods consist of the following:

	2015 \$'000	2014 \$'000
Sale of fish products	18,185	9,917
Sale of fingerlings	-	71
Other revenue	296	409
	18,481	10,397

7 Other income

Other income for the reporting periods consist of the following:

	2015 \$'000	2014 \$'000
R&D tax incentive refund – 15% incentive component	1,538	1,389
Grant income – AusIndustry commercial ready	-	3,953
Gain / (loss) on disposal of property, plant and equipment	(2)	48
	1,536	5,390

8 Finance income and finance costs

Finance income for the reporting periods consist of the following:

	2015 \$'000	2014 \$'000
Interest income from cash and cash equivalents	116	299
	116	299

Notes to the Financial Statements

For the year ended 30 June 2015

Finance costs for the reporting periods consist of the following:

	2015 \$'000	2014 \$'000
Interest expenses for borrowings at amortised cost:		
• finance leases	7	3
• other borrowings at amortised cost	-	15
	7	18

9 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 30% (2014: 30%) and the reported tax expense in profit or loss are as follows:

	2015 \$'000	2014 \$'000
Profit before tax	1,033	6,597
Domestic tax rate for Clean Seas Tuna Limited	30%	30%
Expected tax expense	310	1,979
Adjustment for R&D tax incentive refund – 30% corporate tax rate component	(3,075)	(2,778)
Adjustment for FITB on capital raising costs expensed	-	219
Current year tax expense offset against prior year tax losses	-	(1,562)
Adjustment for tax-exempt income	(310)	(417)
Actual tax expense / (income)	(3,075)	(2,559)
Tax expense comprises:		
• R&D tax incentive refund – 30% corporate tax rate component	(3,075)	(2,778)
• Deferred tax expense	-	219
Tax expense / (income)	(3,075)	(2,559)

Due to uncertainty regarding the utilisation of prior year tax losses in future years, the tax losses are not recognised as an asset. Carried forward tax losses as at 30 June 2015 are approximately \$78.5 million (30 June 2014: \$88.641 million).

10 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2015 \$'000	2014 \$'000
Cash at bank and in hand	1,143	2,683
Deposits at call	370	7,242
Total	1,513	9,925

Notes to the Financial Statements

For the year ended 30 June 2015

11 Trade and other receivables

Trade and other receivables consist of the following:

	2015 \$'000	2014 \$'000
Trade receivables, gross	1,444	758
Allowance credit losses	(20)	(20)
Trade receivables	1,424	738
Other receivables	203	135
R&D Tax Incentive Refund receivable	4,613	4,167
Receivables due from related parties	0	7
Total	6,240	5,047

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The movement in the allowance for credit losses can be reconciled as follows:

Reconciliation of allowance credit losses	2015 \$'000	2014 \$'000
Balance at 1 July	20	20
Amounts written off / (uncollectable)	-	-
Impairment loss	-	-
Impairment loss reversed	-	-
Balance 30 June	20	20

An analysis of unimpaired trade receivables that are past due is given in Note 31.3.

12 Financial assets and liabilities

12.1 Categories of financial assets and liabilities

Note 4.13 provides a description of each category of financial assets and financial liabilities and the related accounting policies

Notes to the Financial Statements

For the year ended 30 June 2015

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Assets at FVTOCI \$'000	Assets at FVTPL \$'000	Derivatives used for hedging \$'000	Financial assets at amortised cost \$'000	Total \$'000
30 June 2015						
Financial assets						
Cash and cash equivalents	10	-	-	-	1,513	1,513
Trade and other receivables	11	-	-	-	6,240	6,240
Derivative financial instruments	12.2	-	-	0	-	0
Totals		-	-	0	7,753	7,753

	Notes	*Derivatives used for hedging \$'000	*Designated at FVTPL \$'000	*Other liabilities at FVTPL \$'000	# Other liabilities \$'000	Total \$'000
30 June 2015						
Financial liabilities						
Trade and other payables	18	-	-	-	1,791	1,791
Borrowings	19	-	-	-	250	250
Totals		-	-	-	2,041	2,041

* Carried at fair value

Carried at amortised cost

Notes to the Financial Statements

For the year ended 30 June 2015

	Notes	Assets at FVTOCI \$'000	Assets at FVTPL \$'000	Derivatives used for hedging \$'000	Financial assets at amortised cost \$'000	Total \$'000
30 June 2014						
Financial assets						
Cash and cash equivalents	10	-	-	-	9,925	9,925
Trade and other receivables	11	-	-	-	5,047	5,047
Totals		-	-	-	14,972	14,972

	Notes	*Derivatives used for hedging \$'000	*Designated at FVTPL \$'000	*Other liabilities at FVTPL \$'000	#Other liabilities \$'000	Total \$'000
30 June 2014						
Financial liabilities						
Trade and other payables	18	-	-	-	1,599	1,599
Borrowings	19	-	-	-	69	69
Totals		-	-	-	1,668	1,668

* Carried at fair value

Carried at amortised cost

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 31.

Notes to the Financial Statements

For the year ended 30 June 2015

12.2 Derivative financial instruments

The Group's derivative financial instruments are measured at fair value and are summarised below:

	2015 \$'000	2014 \$'000
EUR forward contracts - cash flow hedge	0	-
	0	-

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast sales in EUR and other currencies. All forward exchange contracts have been designated as hedging instruments in cash flow hedges in accordance with AASB 139.

The Group's EUR forward contracts relate to cash flows that have been forecasted for July to September 2015. All forecast transactions for which hedge accounting has been used are expected to occur.

During FY15 no gains or losses were recognised in other comprehensive income or reclassified from equity into profit or loss within revenue (2014: nil).

12.3 Other financial assets and liabilities

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- cash and cash equivalents;
- trade and other receivables;
- trade and other payables; and
- borrowings; and

13 Inventories

Inventories consist of the following:

	2015 \$'000	2014 \$'000
Frozen fish products	768	12
Fish feed	1,656	800
Packaging materials	27	-
	2,451	812

14 Biological assets - current

	2015 \$'000	2014 \$'000
Live Yellowtail Kingfish – Held for Sale		
Carrying amount at beginning of period	17,001	6,420
Adjusted for:		
Gain from physical changes at fair value less costs to sell	25,621	18,254
Decrease due to harvest for sale as fresh	(14,243)	(7,653)
Net gain recognised in profit and loss	11,378	10,601
Decrease due to harvest for processing to frozen inventory	(781)	(20)
Carrying amount at end of period	27,598	17,001

Notes to the Financial Statements

For the year ended 30 June 2015

The closing biomass comprised 2,304 tonnes at an average weight of 2.2kg. This comprised 1,517 tonnes of 2014 year class (YC14) at an average weight of 3.9kg and 787 tonnes of YC15 at an average weight of 1.2kg (2014: 1,309 tonnes at 1.9kg comprising 510 tonnes of YC13 at 4.1kg and 799 tonnes of YC14 at 1.4kg). During FY15 harvests totalled 1,154 tonnes (FY14: 577 tonnes).

There is inherent uncertainty in the biomass estimate and resultant live fish valuation. This is common to all such valuations and best practice methodology is used to facilitate reliable estimates. Biomass is estimated using a model that simulates fish growth. Actual growth will invariably differ to some extent, which is monitored and stock records adjusted via harvest counts and weights, periodic sample weight checks, physical counts on transfer to sea cages and subsequent splitting of cages, mortality counts and reconciliation of the perpetual records after physical counts and on cage closeout.

15 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Land & Buildings \$'000	Plant & Equipment \$'000	Marina Lease \$'000	Dams & Fishponds \$'000	Total \$'000
Gross carrying amount					
Balance 1 July 2014	11,854	17,854	2,000	364	32,072
Additions	287	1,413	-	-	1,700
Transfers & Other Movements	(344)	344	-	-	-
Disposals	-	(156)	-	-	(156)
Balance 30 June 2015	11,797	19,455	2,000	364	33,616
Depreciation and impairment					
Balance 1 July 2014	(4,244)	(12,189)	(2,000)	(364)	(18,797)
Disposals	-	148	-	-	148
Impairment	-	-	-	-	-
Depreciation	(450)	(1,255)	-	-	(1,705)
Balance 30 June 2015	(4,694)	(13,296)	(2,000)	(364)	(20,354)
Carrying amount 30 June 2015	7,103	6,159	0	0	13,262

	Land & Buildings \$'000	Plant & Equipment \$'000	Marina Lease \$'000	Dams & Fishponds \$'000	Total \$'000
Gross carrying amount					
Balance 1 July 2013	11,628	16,490	2,000	364	30,482
Additions	226	1,613	-	-	1,839
Disposals	-	(249)	-	-	(249)
Balance 30 June 2014	11,854	17,854	2,000	364	32,072
Depreciation and impairment					
Balance 1 July 2013	(3,809)	(11,331)	(2,000)	(364)	(17,504)
Disposals	-	220	-	-	220
Impairment	-	-	-	-	-
Depreciation	(435)	(1,078)	-	-	(1,513)
Balance 30 June 2014	(4,244)	(12,189)	(2,000)	(364)	(18,797)
Carrying amount 30 June 2014	7,610	5,665	0	0	13,275

Notes to the Financial Statements

For the year ended 30 June 2015

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The Property, Plant and Equipment has been pledged as security for the Group's bank borrowings (see Note 19).

16 Biological assets – non-current

	2015 \$'000	2014 \$'000
Finfish Broodstock		
Carrying amount at beginning of period	244	234
Purchases	-	10
Sales	-	-
Carrying amount at end of period	244	244

17 Intangible assets

Details of the Group's intangible assets and their carrying amounts are as follows:

	PIRSA Leases and Licences \$'000	Southern Bluefin Tuna Quota \$'000	Total \$'000
Net carrying amount			
Balance at 1 July 2014	2,827	200	3,027
Additions	-	-	-
Disposals	-	-	-
Amortisation and impairment	-	-	-
Net carrying amount 30 June 2015	2,827	200	3,027
Balance at 1 July 2013	2,827	200	3,027
Additions	-	-	-
Disposals	-	-	-
Amortisation and impairment	-	-	-
Carrying amount 30 June 2014	2,827	200	3,027

At each reporting date the Directors review intangible assets for impairment. No impairment was assessed as necessary in 2015 (2014: nil).

18 Trade and other payables

Trade and other payables consist of the following:

	2015 \$'000	2014 \$'000
Current:		
• trade payables	966	969
• related party payables	18	26
• other payables	807	604
Total trade and other payables	1,791	1,599

Notes to the Financial Statements

For the year ended 30 June 2015

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

19 Borrowings

Borrowings consist of the following:

	2015 \$'000	2014 \$'000
Current:		
• Finance lease (note 30)	66	21
• Other – insurance premium funding	100	-
Total borrowings – current	166	21
Non-current:		
• Finance lease (note 30)	84	48
• Other	-	-
Total borrowings – non-current	84	48

In May 2015 the Group entered into a secured \$7.0m Trade Finance Facility with Commonwealth Bank of Australia. This is an ongoing facility subject to annual review and is secured against all Group assets. At 30 June 2015 this facility remained undrawn.

20 Provisions

The carrying amounts and movements in the provisions account are as follows:

	Annual Leave \$'000	Long Service Leave \$'000	Total \$'000
Carrying amount 1 July 2014	254	323	577
Additional provisions	281	49	330
Amount utilised	(257)	(46)	(303)
Carrying amount 30 June 2015	278	326	604
Current employee benefit provision	278	278	556
Non-current employee benefit provision	-	48	48

21 Employee remuneration

21.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2015 \$'000	2014 \$'000
Salaries and wages	4,919	3,902
Superannuation – Defined contribution plans	400	295
Leave entitlement accrual adjustment	27	85
Other on-costs	399	330
Total	5,745	4,612

Notes to the Financial Statements

For the year ended 30 June 2015

21.2 Share-based employee remuneration

As at 30 June 2015 the Group does not have a share-based payment scheme for employee remuneration.

22 Equity

22.1 Share capital

The share capital of Clean Seas Tuna Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting.

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Shares issued and fully paid:				
• at beginning of the year	1,105,282,736	801,757,062	157,736	148,534
• share issue	-	303,525,674	-	9,202
Total contributed equity at 30 June	1,105,282,736	1,105,282,736	157,736	157,736

The shares issued in FY14 were issued on 4 December 2013 pursuant to a Share Purchase Plan at 3.2 cents per share. Net proceeds from this share issue include \$729k of transaction costs less \$219k Future Income Tax Benefit arising from these transaction costs.

23 Earnings per share and dividends

23.1 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of Clean Seas Tuna Limited as the numerator (ie no adjustments to profit were necessary in 2015 or 2014).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2015	2014
Amounts in thousand shares:		
• weighted average number of shares used in basic earnings per share	1,105,283	972,062
• shares deemed to be issued for no consideration in respect of share based payments	-	-
Weighted average number of shares used in diluted earnings per share	1,105,283	972,062

23.2 Dividends

	2015 \$'000	2014 \$'000
Dividends declared during the year	-	-

Notes to the Financial Statements

For the year ended 30 June 2015

23.3 Franking credits

	Parent	
	2015 \$'000	2014 \$'000
The amount of the franking credits available for subsequent reporting periods are:		
• balance at the end of the reporting period	-	-
• franking credits that will arise from the payment of the amount of provision for income tax	-	-
• franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	-	-
• franking credits that will arise from the receipt of dividends recognised as receivables at the end of reporting period	-	-
	-	-

24 Reconciliation of cash flows from operating activities

	2015 \$'000	2014 \$'000
Profit for the period	4,108	9,156
Adjustments for:		
• depreciation, amortisation and impairment	1,706	1,513
• net interest received included in investing and financing	(109)	(294)
Net changes in working capital:		
• change in inventories	(1,639)	(382)
• change in trade and other receivables	(1,193)	1,558
• change in prepayments	496	(257)
• change in biological assets	(10,597)	(10,581)
• change in trade and other payables	118	478
• change in other employee obligations	27	85
• change in deferred grant income	-	(3,953)
Net cash from operating activities	(7,083)	(2,677)

25 Auditor remuneration

	2015 \$'000	2014 \$'000
Audit and review of financial statements	72	66
Other services		
• taxation compliance	10	10
• taxation consulting	17	1
Total other service remuneration	27	11
Total auditor's remuneration	99	77

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26 Related party transactions and key management personnel disclosures

The Group's related parties comprise its key management and entities associated with key management. The Remuneration Report in the Directors' Report sets out the remuneration of directors and specified executives.

The largest shareholder in Clean Seas Tuna Limited is Australian Tuna Fisheries Pty Ltd (ATF). ATF and its associated entities controlled 9.1% of issued shares at 30 June 2015 (2014: 9.1%) and it is associated with Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd.

All transactions with related parties are negotiated on a commercial arms length basis. These transactions were as follows:

	2015 \$'000	2014 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	11	37
• Payments for towing, contract labour, fish feed, marina and net shed rent, fish and electricity	326	258
Stehr Group Pty Ltd		
• Payments for office rent	10	14
Sanchez Tuna Pty Ltd		
• Payments for consulting services	-	70
PSMMR Pty Ltd (associated with Paul Robinson – Alternate Director)		
• Payments for consulting services	36	36

The following balances are outstanding as at the reporting date in relation to transactions with related parties:

	2015 \$'000	2014 \$'000
Current receivables:		
• Australian Tuna Fisheries Pty Ltd	-	7
Current Payables		
• Australian Tuna Fisheries Pty Ltd	18	12
• PSMMR Pty Ltd	-	14

The totals of remuneration paid or payable to the key management personnel of the Group during the year are as follows:

	2015 \$'000	2014 \$'000
Short-term employee benefits	1,036	868
Post-employment benefits	74	52
Long-term benefits	8	6
Termination benefits	99	-
Total Remuneration	1,217	926

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For the year ended 30 June 2015

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2015.

27 Contingent assets and liabilities

Clean Seas announced in June 2015 that it has commenced litigation against Gibson's Limited, trading as Skretting Australia, in relation to feed supplied from FY09 to FY12 which contained insufficient taurine. This resulted in mortalities and poor growth in the Yellowtail Kingfish stocks which caused substantial trading losses. It was noted that Clean Seas also reserves its rights against another feed supplier in relation to the same issue. This litigation is at an early stage. No amounts have been recognised in these accounts in relation to potential compensation or future litigation costs.

The Group also has unrecognised carry forward tax losses. This contingent asset is discussed in Note 9.

There are no other material contingent assets or liabilities.

28 Capital commitments

	2015 \$'000	2014 \$'000
Property, plant and equipment	50	-
	50	-

Capital commitments relate to items of plant and equipment where funds have been committed but the assets not yet received.

29 Interests in subsidiaries

29.1 Composition of the Group

Set out below are details of the subsidiary held directly by the Group:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests	
			30 June 2015	30 June 2014
Clean Seas Aquaculture Growout Pty Ltd	Australia	Growout and sale of Yellowtail Kingfish	100%	100%

29.2 Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities.

30 Leases

30.1 Finance leases as lessee

The Group holds a number of motor vehicles under finance lease arrangements. The net carrying amount of these assets is \$197k (2014: \$64k).

The Group's finance lease liabilities, which are secured by the related assets held under finance leases, are classified as follows:

Notes to the Financial Statements

For the year ended 30 June 2015

Finance lease liabilities	2015 \$'000	2014 \$'000
Current:		
• finance lease liabilities	66	21
Non-current:		
• finance lease liabilities	84	48

Future minimum finance lease payments at the end of each reporting period under review were as follows:

	Minimum lease payments due			Total \$'000
	Within 1 year \$'000	1-5 years \$'000	After 5 years \$'000	
30 June 2015				
Lease payments	72	87	-	159
Finance charges	(6)	(3)	-	(9)
Net present values	66	84		150
30 June 2014				
Lease payments	24	50	-	74
Finance charges	(3)	(2)	-	(5)
Net present values	21	48		69

31 Financial instrument risk

31.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 12.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its head office, in close cooperation with the Board of Directors, and focuses on actively managing those risks to secure the Group's short to medium-term cash flows.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

31.2 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Group's transactions are carried out in Australian dollars (AUD). Exposures to currency exchange rates mainly arise from the Group's overseas sales, which are currently primarily denominated in Euro (EUR).

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored, customer payments are credited to foreign currency bank accounts and converted to AUD on a managed basis and

Notes to the Financial Statements

For the year ended 30 June 2015

forward exchange contracts may be entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	Short term exposure			Long term exposure		
	EUR	USD	Other	EUR	USD	Other
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2015						
• financial assets	444	69	-	-	-	-
• financial liabilities	-	-	-	-	-	-
Total exposure	444	69	-	-	-	-
30 June 2014						
• financial assets	148	14	16	-	-	-
• financial liabilities	-	-	-	-	-	-
Total exposure	148	14	16	-	-	-

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the AUD / EUR exchange rate 'all other things being equal'. It assumes a +/- 5% change in this exchange rate for the year ended at 30 June 2015 (2014: 5%). The sensitivity analysis is based on the impact on the Group's valuation of live fish held for sale.

Profit and Equity Increase / (Decrease)	Increase 5% A\$'000	Decrease 5% A\$'000
30 June 2015	(500)	540
30 June 2014	(142)	153

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 30 June 2015 the Group was not exposed to changes in market interest rates because it had not drawn down its bank facility and its finance lease liabilities were at fixed interest rates.

31.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting trade credit to customers and investing surplus funds. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Classes of financial assets		
Carrying amounts:		
• cash and cash equivalents	1,513	9,925
• trade and other receivables	6,240	5,047
	7,753	14,972

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

At 30 June, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 30 June analysed by the length of time past due, are:

	2015 \$'000	2014 \$'000
Not more three (3) months	262	51
More than three (3) months but not more than six (6) months	2	-
More than six (6) months but not more than one (1) year	-	-
More than one (1) year	-	-
Total	264	51

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

31.4 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling monthly projection. Net cash requirements are compared to available cash and borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

Notes to the Financial Statements

For the year ended 30 June 2015

As at 30 June 2015, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2015				
Trade and other payables	1,791	-	-	-
Finance lease obligations	36	36	87	-
Other borrowings	100	-	-	-
Total	1,927	36	87	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current		Non-current	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2014				
Trade and other payables	1,599	-	-	-
Finance lease obligations	12	12	50	-
Other borrowings	-	-	-	-
Total	1,611	12	50	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

32 Fair value measurement

32.1 Fair value measurement of non-financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within **Level 1** that are observable for the asset or liability, either directly or indirectly
- **Level 3:** unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2015:

30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	27,598	-	27,598
Biological assets – non-current	-	244	-	244
Southern bluefin tuna quota	-	200	-	200
Total	-	28,042	-	28,042

Notes to the Financial Statements

For the year ended 30 June 2015

30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	17,001	-	17,001
Biological assets – non-current	-	244	-	244
Southern bluefin tuna quota	-	200	-	200
Total	-	17,445	-	17,445

The fair values of the biological assets are determined in accordance with Note 4.22.

33 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group considers the issue of new shares, dividends, return of capital to shareholders and sale of assets to reduce debt.

The Group has satisfied its covenant obligations since the Commonwealth Bank of Australia \$7m Trade Finance Facility was implemented in June 2015, with this facility being fully undrawn as at 30 June 2015.

34 Parent entity information

Information relating to Clean Seas Tuna Limited ('the Parent Entity'):

	2015 \$'000	2014 \$'000
Statement of financial position		
Current assets	5,595	13,174
Total assets	37,660	35,895
Current liabilities	1,045	843
Total liabilities	1,073	859
Net assets	36,587	35,036
Issued capital	157,736	157,736
Retained earnings	(121,149)	(123,754)
Share option reserve	-	1,054
Total equity	36,587	35,036
Statement of profit or loss and other comprehensive income		
Profit for the year	1,551	5,397
Other comprehensive income	-	-
Total comprehensive income	1,551	5,397

The Parent Entity has capital commitments of \$18k to purchase plant and equipment (2014: \$Nil). Refer Note 28 for further details of the commitment.

Notes to the Financial Statements

For the year ended 30 June 2015

The Parent Entity has not entered into a Deed of Cross Guarantee. Refer Note 27 in relation to contingent assets and liabilities.

35 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Directors' Declaration

For the year ended 30 June 2015

1. In the opinion of the Directors of Clean Seas Tuna Limited:
 - a The consolidated financial statements and notes of Clean Seas Tuna Limited are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - b There are reasonable grounds to believe that Clean Seas Tuna Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.
3. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Paul Steere
Chairman

Dated the 28th day of August 2015

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLEAN SEAS TUNA LIMITED

Report on the financial report

We have audited the accompanying financial report of Clean Seas Tuna Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Clean Seas Tuna Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Clean Seas Tuna Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Partner – Audit & Assurance

Adelaide, 28 August 2015

Additional ASX Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 7 August 2015.

Ordinary share capital (quoted)

1,105,282,736 fully paid ordinary shares are held by 7,913 shareholders.

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number of Shares
Australian Tuna Fisheries Pty Ltd:	100,314,972

Voting Rights

Ordinary Shares: 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 fully paid share shall have one vote.

Distribution of equity security holders – Ordinary shares	
Holding	Number of holders
1 - 1,000	530
1,001 - 5,000	1,133
5,001 - 10,000	992
10,001 - 100,000	3,687
100,001+	1,571
Total	7,913

There were 2,171 holders of less than a marketable parcel of 8,474 ordinary shares, holding a total of 6,891,188 ordinary shares.

Additional ASX Information

Twenty (20) largest shareholders	Ordinary shares	
	Number of shares held	Percentage of issued shares
Australian Tuna Fisheries Pty Ltd	98,191,042	8.9%
J P Morgan Nominees Australia Limited	58,723,787	5.3%
HSBC Custody Nominees (Australia) Limited	20,597,154	1.9%
Mr Jamie Lewis	12,350,000	1.1%
Mr Ermanno Feliciani	10,833,333	1.0%
Mr Jason Conrad Squire <The Jasqui a/c>	10,500,000	0.9%
Mr Xianghui Chen	9,754,113	0.9%
Mr Matthew Rowe & Mrs Lesley Rowe <Rowe Heaney Super Fund a/c>	7,781,620	0.7%
Citicorp Nominees Pty Limited	7,625,066	0.7%
Mr Michael John O'Neill & Mrs Rebecca Joan O'Neill <Protea Software Stf s/f a/c>	7,000,000	0.6%
Rdlk Pty Ltd <Red Lake s/f a/c>	6,500,000	0.6%
Walpole Enterprises Pty Ltd	6,117,954	0.6%
4 Eyes Limited <Worsley family a/c>	5,610,000	0.5%
Mr Leon Gaffney	5,583,291	0.5%
Hans and Delwyn Pty Limited	5,349,465	0.5%
Simplot Australia Pty Limited	5,231,250	0.5%
Mr Anthony Harvey Snaith	5,000,000	0.5%
Mrs Hui-Chen Tsai	4,700,000	0.4%
Yong International Investments Pty Ltd <Yong s/f a/c>	4,449,465	0.4%
Mr Craig Kenneth Foster	4,416,131	0.4%
Total	296,313,671	26.8%

Securities Exchange

The Company is listed on the Australian Securities Exchange (ASX: CSS).

On Market Buy Back

There is no current on market buy back.

