

31 October 2014

Company Announcement

Australian Securities Exchange Limited

SEPTEMBER QUARTER 2014

CASH FLOW COMMENTARY

Clean Seas Tuna Limited (ASX: "CSS") is pleased to report that it remains on track to achieve forecast FY15 sales volumes of approximately 1,350 tonnes with biomass to support forecast FY16 sales volumes of approximately 2,000 tonnes of Yellowtail Kingfish.

The Company has achieved sales volumes of 219 tonnes and sales revenues of \$3.7m in Q1FY15, which is in line with budget expectations and significantly higher than prior year. Fish growth has been modest in Q1FY15, due mainly to colder Winter water temperatures. Our Yellowtail Kingfish however produce minimal growth over these seasonal cooler months and are expected to grow strongly at rates similar to the prior year when warmer water temperatures return from November.

The fish continue to enjoy excellent health and survival rates.

The Hatchery is operating to plan, with production of approximately 700,000 fingerlings for the current season compared to approximately 650,000 in the prior year. The first release of approximately 175,000 fingerlings to sea occurred in September at an average weight of approximately 24 grams. Further releases are scheduled for late October / early November and January.

Clean Seas markets Hiramasa Yellowtail Kingfish as a premium fish, with a significant proportion of the Company's production being sold to restaurants and other buyers for use as high quality sashimi. It is also increasingly being consumed in cooked form in western style restaurants with very positive feedback from top chefs and consumers. Market demand continues to be strong and, as previously reported, the Company will be launching an expanded marketing program from November 2014 which will support sales growth when the significantly increased volume of fish in the next year class achieve the targeted weight for sale in early 2015.



The Company is continuing to invest working capital in feed and operational activities to support the growth in our fish stocks to achieve sales targets. Clean Seas expects to be cash flow positive from Hiramasa Yellowtail Kingfish sales once a monthly sales level of approximately 125 tonnes (i.e. 1,500 tonne p.a.) is reached. The Company remains confident that it will be harvesting at this rate by early calendar 2015.

The Company's medium term target is to leverage existing infrastructure plus additional supportive farm assets to increase Yellowtail Kingfish production to 3,000 tonnes p.a.

As previously advised, discussions with banks have now commenced to put in place a modest debt facility to support working capital needs as Clean Seas profitably transitions to higher production and sales levels. A further announcement regarding this funding will be made in due course.

A Research and Development tax incentive cash refund of approximately \$4.1 million is also expected to be received, arising from FY14 activities and expenditure, which will further assist in funding these working capital requirements.

Clean Seas is also pleased to advise that following an extensive audit it has achieved recertification by Friend of the Sea, certifying that Yellowtail Kingfish farmed by Clean Seas is in conformity with Friend of the Sea Criteria for Sustainable Aquaculture. This certification is recognised and valued globally and is of particular importance in the European market, being currently our largest export market. Clean Seas is understood to be the only Australian finfish aquaculture company that is currently certified by Friend of the Sea and one of only two companies globally certified for the aquaculture production of Yellowtail Kingfish.

Craig Foster
Chief Executive Officer

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Clean Seas Tuna Limited

ABN

61 094 380 435

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	3,518	3,518
1.2 Payments for (a) staff costs	(1,368)	(1,368)
(b) advertising and marketing	(87)	(87)
(c) research and development	(117)	(117)
(d) leased assets		
(e) other working capital	(4,840)	(4,840)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	22	22
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(2,873)	(2,873)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,873)	(2,873)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(730)	(730)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	1	1
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(729)	(729)
1.14 Total operating and investing cash flows	(3,602)	(3,602)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	77	77
1.18 Repayment of borrowings	(7)	(7)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	70	70
Net increase (decrease) in cash held	(3,532)	(3,532)
1.21 Cash at beginning of quarter/year to date	9,925	9,925
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	6,393	6,393

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'ooo
1.24	Aggregate amount of payments to the parties included in item 1.2	158
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil
1.26	Explanation necessary for an understanding of the transactions <div> - Directors fees \$75k - Office rental payments \$3k - Marina and net shed costs \$8k - Consulting \$9k - Staff and equipment hire \$57k - Fish purchases \$6k </div>	

Non-cash financing and investing activities

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

Nil

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

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

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Reconciliation of cash


Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,172	1,517
4.2	Deposits at call	5,221	8,408
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.23)		6,393	9,925

Acquisitions and disposals of business entities

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

Compliance statement

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

Sign here:  Date: 31 October 2014
 (Company Secretary)

Print name: Wayne Materne

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Notes

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

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