

30 January 2015

Company Announcement

Australian Securities Exchange Limited

DECEMBER 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 sufficient biomass now growing out to support its forecast FY16 sales volumes of approximately 2,000 tonnes of Hiramasa Kingfish.

In the December quarter the Company has achieved sales volumes of 292 tonnes and sales revenues of \$4.9m, which is in line with budget expectations and significantly higher than prior year. Year to date sales for the 6 months total 511 tonnes providing revenue of \$8.6m, which is a significant lift over the 215 tonnes and \$3.8m in revenue for the same period in FY14.

Fish growth has been very pleasing during the quarter with excellent health and survival rates.

The growth rate significantly exceeded budget expectations in Q2FY15, and indeed has proven to be a Company record for the "2015 year class" (being fingerlings that were transferred to sea pens between September and November 2014). This has principally occurred in November and December as the Kingfish entered their seasonal strong growth period as water temperatures increased.

Net Operating Cash Flow in Q2FY15 was boosted by receipt of a \$4.167m R&D Tax Incentive Refund arising from FY14 activities and expenditure. This amount will also be recognised as income in H1FY15 and is excluded from calculations of underlying cash flow and profitability. Increased "other working capital" expenditure in Q2FY15 mainly relates to increased feed purchases as the fish enter their seasonal strong growth period and we rebuild biomass. The 31 December 2014 cash balance of \$6.7m is slightly above the \$6.4m held at 30 September 2014.

Sales are expected to increase significantly in H2FY15 with commencement of Hiramasa Kingfish sales from the "2014 year class" in late January 2015. This is a much larger year class with nearly three times the biomass growing out than the previous year class at



this time of the year. Increased marketing and promotion of Hiramasa Kingfish has commenced from January 2015 in order to facilitate and support this sales growth.

The hatchery is operating to plan, with approximately 735,000 fingerlings to be transferred to sea pens for the current season, up 13% on the previous year class as planned. Approximately 60% were transferred to sea pens in September to November with the balance now being placed through to mid-February ensuring a spread of volume for ultimate harvest.

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.

As previously advised, Clean Seas expects to have positive underlying Net Operating Cash Flows from Hiramasa Kingfish sales once a monthly sales level of approximately 125 tonnes (i.e. 1,500 tonnes p.a.) is reached and sales proceeds received. The Company expects to achieve this sales level during Q3FY15 and this cash flow milestone in Q4FY15.

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

Formal discussions with major banks are in progress 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.

Clean Seas expects to release its half-year accounts in the third week of February and will provide a more detailed commentary on its H1FY15 activities and results at that time.

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")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	4,668	8,187
1.2 Payments for (a) staff costs	(1,346)	(2,714)
(b) advertising and marketing	(70)	(157)
(c) research and development	(89)	(205)
(d) leased assets		
(e) other working capital	(7,136)	(11,977)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	65	87
1.5 Interest and other costs of finance paid	(2)	(3)
1.6 Income taxes paid		
1.7 Other – R&D Tax Incentive Refund	4,167	4,167
Net operating cash flows	257	(2,615)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	257	(2,615)
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	(180)	(910)
(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
(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	(180)	(909)
1.14 Total operating and investing cash flows	77	(3,524)
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	325	402
1.18 Repayment of borrowings	(78)	(86)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	247	316
Net increase (decrease) in cash held	324	(3,208)
1.21 Cash at beginning of quarter/year to date	6,393	9,925
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	6,717	6,717

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	129
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil
1.26	<p>Explanation necessary for an understanding of the transactions</p> <ul style="list-style-type: none"> - Directors fees \$75k - Office rental payments \$3k - Marina and net shed costs \$5k - Consulting \$9k - Staff and equipment hire \$37k 	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2	Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest	Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

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

+ See chapter 19 for defined terms.

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

Reconciliation of cash


Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,035	1,172
4.2 Deposits at call	4,682	5,221
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	6,717	6,393

Acquisitions and disposals of business entities

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

Compliance statement

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

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

Print name: Wayne Materne

+ See chapter 19 for defined terms.

Notes

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

+ See chapter 19 for defined terms.

