Appendix 4E
Clean Seas Tuna Limited
ABN 61 094 380 435
Consolidated Final Financial Report
Year Ended 30 June 2012

Results for announcement to the market:

Results		**% Change**	**$'000**
Revenues from ordinary activities	Down	(39%)	23,947
Profit/(loss) from ordinary activities before tax	Down	(109%)	(30,750)
Net profit/(loss) for the period attributable to members	Up	5%	(30,750)
Loss per share (cents per share)	Down	15%	(6)

Dividends

There will not be a dividend declared or paid for the Year Ended 30 June 2012

This financial report is the Consolidated Final Report provided to the Australian Securities Exchange under listing rule 4.3A.

15th August 2012

Company Announcement

Australian Securities Exchange Limited

CLEAN SEAS TUNA LIMITED (ASX: CSS): FINANCIAL RESULTS COMMENTARY

Clean Seas Tuna Ltd ("Clean Seas") today announced a statutory loss of $30.750 million for the 12 months ended 30 June 2012. This result incorporates impairment charges of $17.707 million in line with guidance provided to the market on 25 May 2012. The loss attributable to underlying operations for the year was $13.043 Million (2011 loss $14.731)

This result is extremely disappointing especially given the positive expectations from moving to new sites for grow-out. It is equally disappointing in that the results are similar to last financial year, but calls for new and challenging initiatives to profitably reposition the Company.

The losses are not sustainable and the Company has previously reported that it undertook a review of its operations and overall strategic direction in response.

Based on this extensive review, the Board has concluded the need to progress securing new partners and/or rationalisation of assets to ensure support for our primary objective of Southern Bluefin Tuna propagation.

Action plans now underway include seeking a joint venturing arrangement ("JV") or partial sale of our yellowtail Kingfish operations, sales of surplus assets, a consolidation of our Kingfish activity with consequent right-sizing of operational needs and an accelerated advancement of our projected SBT spawning timing to October 2012. These activities are underpinned by cost reduction strategies across the business resulting in an unfortunate but necessary reduction in numbers of people in our workforce.

To facilitate the partial sale or JV of the Kingfish business and to assess a range of financing strategic initiatives for Clean Seas Tuna, the Company has appointed a specialist Investment advisor, BBY Limited, to assist us in this task. This process is underway and is anticipated to be completed by the end of the calendar year.

The Company had $3.855 million cash as of June 30, 2012 and has sufficient cash to conduct the business into calendar year 2013. We expect to use further surplus asset sales and existing cash reserves to support the Company to the point when we have restructured and refinanced the Company. Our ongoing cash requirement will be reduced by the targeted JV or partial sale of the Kingfish business and further reductions in operational costs. We may also seek to extend our business activities further into tuna "catch and grow" to provide further opportunities to improve the Company's financial performance.

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ABN 61 094 380 435

CLEANSEAS | sustainable seafood

We believe that the Company will move through these difficult times to realize the initial goal of commercially producing propagated Southern Bluefin Tuna. The major risk that may influence the chance of realizing our restructure will be the ongoing health of the remaining Kingfish stock.

FY2012 Results

A reconciliation between the statutory result and the underlying result is as follows:

Results FY 2012

		$ Million
Statutory net loss after tax		(30,750)
Tax expense		Nil
Net loss before tax		(30,750)
Impacted by write down of carrying value of assets:		
Vessels	1,488	
Cages & nets	889	
Plant & equipment	1,151	
Leases and licences	12,000	
Tuna quota	113	
Net impact of feed inventory adjustments	(150)	15,491
Write down of biological assets		2,216
Loss attributable to underlying operations		**(13,043)**

The FY2012 operating results were positively impacted by:

- Further improvement on returns from the sale of Kingfish. Demand remains strong and the price achieved per kilogram was 25% higher than FY2011, despite the appreciation in the Australian Dollar.
- Receiving ongoing and encouraging customer support across our major markets notwithstanding the difficulties we have faced.
- Encouraging SBT juvenile survival to the weaning stage and continuing benefits of research knowledge gained.

The full year's operating results were negatively impacted by:

- The severe health problems experienced in the yellowtail Kingfish, resulting in losses from fish mortality, poor fish performance, compromised fish growth and expenses associated with investigating the health problems.
- The consequent write down of asset values in the Kingfish business by $17.7 million.
- The death of Southern Bluefin Tuna juveniles due to colder temperatures.

1. Southern Bluefin Propagation

For the third year we have produced a small number of tuna fingerlings only to have them not survive the onset of cold water temperatures. This year resources are available to commence Tuna spawning in October. With the positive results we had last year in improving survival to weaning we are confident that we should see a reasonable number of fingerlings transferred to the sea earlier and surviving through winter. We believe that the tuna fingerlings will need to be at least one kilogram to survive the onset of winter sea temperatures. The earlier transfer to sea provides the fingerlings with a greater likelihood of achieving this size pre-winter.

2. Kingfish Operations

Disappointing results in our Kingfish business have negatively and materially impacted our FY2012 result and led to our review of the Company's strategic direction. The Company believes that Kingfish production in Australia can be a profitable business delivering acceptable investment returns on capital employed. However, with the results of the last year, we are not in a financial position to rebuild the Kingfish business, thus we are seeking to joint venture or sell part of the Kingfish business.

This is a disappointing direction as we have proven that our Kingfish is a unique product ideally suited to the sashimi trade. Our clients are extremely disappointed in the reduced supply outlook. Whilst we are seeking the partial sale or JV we will reduce the number of fingerlings into the sea farm to around one hundred thousand fingerlings.

The Company continues to investigate the cause of the Kingfish health problems. Causative agents such as bacteria or viruses have been eliminated and we are now focusing on determining whether possible nutritional problems are the cause. We have undertaken extensive health investigations, engaging fish health experts from Australia and internationally. We have been fortunate to receive strong investigative support from Australian fish pathologists and other research organisations. Our links with FRDC and the Seafood CRC have been invaluable in sorting out the cause of the health problems. In July we held a workshop with over thirty participants from a wide range of health specialties to discuss the likely cause and to map out a future investigative pathway.

Our Kingfish in the sea are being supplemented with nutrients that we (and global advisors) believe are required by the fish and we are undertaking research trials in our own facilities to assess the response of the Kingfish to these supplemented nutrients. Further supporting research to prove the cause of the health problems is planned for the last quarter of calendar year 2012.

It is encouraging that the fish are looking healthier and survival rates in August are improving.

3. Outlook

For Clean Seas, FY2012 has seen some positive advancement with Southern Bluefin Tuna fingerling production and anticipates further progress from this coming season's planned October spawning.

It has been an extremely disappointing year for our Kingfish operations and we continue to focus on mitigating further losses, understanding and addressing the cause.

The Board and Executive are in no doubt as to the serious challenges facing the Company and its future, nor the patience and concern of our loyal investors.

In summary, and with the absence of further deterioration in Kingfish health, we are confident that we will reposition the Company to better achieve the initial goal of commercially farming Southern Bluefin Tuna from propagated fingerlings.

We are cognisant of the fact that we cannot go on indefinitely to achieve this goal and that our rate of progress must improve to warrant continued investment. We are also aware that we must turn our Kingfish business into one that provides an acceptable profit contribution or we must minimise the cash flow demand on the business.

Paul Steere — Chairman
Dr. Craig Foster — Chief Executive

15th August 2012

Media contacts:-

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Clean Seas Tuna Ltd

ABN 61 094 380 435

Financial Report

For The 12 Months Ended 30 June 2012

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Corporate Directory

Directors	P Steere *Independent Non-Executive Director (Chairman)* H H Stehr AO *Non-Executive Director* M A Stehr *Non-Executive Director* N Burrows *Independent Non-Executive Director* P Robinson FCA *Alternate director for H Stehr*
Company Secretary	F Knight CPA
Executives	C Foster *Chief Executive Officer* F Knight *Chief Financial Officer & Company Secretary* M Deichmann *General Manager - Hatcheries* T Smith *Marine Production Manager* M Thomson *Technical Manager* D Ritchie *Human Resource Manager*
Principal registered office in Australia	7 North Quay Boulevard, Port Lincoln Port Lincoln SA 5606 Ph: (08) 8621 2910 Fax: (08) 8621 2990 Email : reception@cleanseas.com.au
Share register	Boardroom Pty Ltd Level 7, 207 Kent Street Sydney NSW 2000 Ph: 1300 737 760 Fax: 1300 653 459 Email : enquiries@boardroomlimited.com.au
Auditor	Grant Thornton Level 1, 67 Greenhill Road Wayville SA 5034
Stock exchange listing	Clean Seas Tuna Limited shares are listed on the Australian Securities Exchange.
Website address	www.cleanseas.com.au

Directors' Report
For the year ended 30 June 2012

Your Directors present their report together with the Consolidated Financial Statements of the consolidated Group comprising Clean Seas Tuna Limited (the Company) and its subsidiary for the financial year ended 30 June 2012, and the auditor's report thereon.

Directors

The names of Directors who held office at any time during or since the end of the financial year until the date of this report are:

- P Steere
- H H Stehr AO
- M A Stehr
- N Burrows (appointed 18 April 2012)
- C Ashby (resigned 17 April 2012)
- J Ellice-Flint (resigned 31 May 2012)
- P Housden (resigned 15 November 2011)
- P Robinson (alternate Director to H H Stehr)

Principal Activities

The principal activities of the consolidated Group during the financial year were the propagation of Kingfish, producing fingerlings for sale as well as the growout of Kingfish for global sale. The Company has made advances in its primary objective of propagating Southern Bluefin Tuna. The aim is to complete the farmed lifecycle through growout of Southern Bluefin Tuna to help meet global demand.

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated Group that occurred during the financial year under review not otherwise disclosed in this Directors' Report or the Annual Financial Report.

Review of Operations

The net loss attributable to members from operations for the financial year attributable to the members of Clean Seas Tuna Ltd amounted to $30.750 million (2011 – loss of $32.361 million).

Consistent with the ASX announcement on 25 May 2012, the Directors have considered it prudent to revalue underutilised Kingfish fixed assets based on a potential partial sale basis rather than a continuing operations basis and has accordingly reduced their carrying value by $15.491 million. In addition, the Directors have deemed it prudent to revalue fish inventory by $2.216 million to reflect continuing higher than normal fish mortality rates. A total of $17.707 million.

As also advised, it has been a very difficult year for the Company's Kingfish operations. Significant mortality losses were incurred and this has weighed heavily on costs as well as reducing income opportunities. A strategic review was undertaken and as a consequence the Company is seeking support from new partners synergising the advantages and progress made while at the same time the Company is rightsizing its operational needs.

Dividends Paid or Recommended

The Directors have declared that no dividend be paid for the year ended 30 June 2012.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated Group that occurred during the financial year under review not otherwise disclosed in this Directors' Report or the Annual Financial Report.

Directors' Report
For the year ended 30 June 2012

Matters Subsequent to the End of Financial Year

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of Clean Seas Tuna, to affect significantly the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group, in future financial years.

Future Developments, Prospects and Business Strategies

Based on an extensive review, the Board has concluded the need to progress either securing new partners and/or rationalisation of assets to ensure support for the Group's primary objective of Southern Bluefin Tuna propagation.

Action plans now underway include seeking a joint venturing arrangement ("JV") or sale of the Group's yellowtail kingfish operations at Whyalla and Port Augusta, continued sales of surplus assets, a consolidation of Kingfish activity with consequent right-sizing of operational needs and an accelerated advancement of projected SBT spawning timing to October 2012. These activities are underpinned by cost reduction strategies across the business as well as an unfortunate but necessary reduction in employee numbers.

To facilitate the partial sale or JV of the kingfish business and to assess a range of financing strategic initiatives for Clean Seas Tuna, the Company has appointed a specialist investment advisor, BBY Limited, to assist the Board in this task. This process is underway and is anticipated to be completed by the end of the calendar year

The Company has sufficient cash to conduct the business into calendar year 2013. Further surplus asset sales and existing cash reserves are expected to support the Company to the point when restructuring and refinancing initiatives have been achieved. Ongoing cash requirements will be reduced by the partial sale or JV of the Kingfish business and further reductions in operational costs.

The Company may also seek to extend business activities further into tuna "catch and grow" to provide further opportunities to improve the Company's financial performance.

Environmental Regulation and Performance

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

The consolidated 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 are 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

Environmental Regulation and Performance (continued)

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 Clean Seas consolidated 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 recorded breaches of the license requirements.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of good corporate governance.

The consolidated Group's statement on the main corporate governance practices in place during the year is set out on pages 18 to 40 of this Annual Financial Report.

The Chief executive Officer and Company Secretary have declared, in writing to the Board, that the Company's Annual Financial Report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Information on Directors

Mr. Paul Steere (Independent Non-Executive Director - Chairman)

Mr. Paul Steere was appointed to the Company Board on 20 May 2010. He was appointed Chairman effective 22 May 2012.

Mr. Steere was Chief Executive of New Zealand King Salmon for 15 years from 1994 to December 2009. New Zealand 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.

Mr. Steere remains a Director of NZ King Salmon, is Chair of Nelson Airport Limited and a Councillor of the Nelson Marlborough Institute of Technology plus Director of the National Board of NZ Red Cross and also a Director of Allan Scott Wines of Marlborough plus Kaynemaile Limited, a company producing unique ring linked curtains for architectural applications and farm netting.

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

Mr. Steere is the Chairman of the Remuneration and Nominations Committee and a member of the FARM-WHS&E Committee.

Directors' Report
For the year ended 30 June 2012

Information on Directors (continued)

Mr. Hagen Stehr AO (Non-Executive Director)

Appointed to the Board at incorporation in September 2000, Mr. Stehr holds the position of founding Director. Mr. Stehr has acted as Chairman from 2000, stepping down in December 2009.

Mr. Stehr has extensive knowledge of and experience in the fishing and aquaculture industries, having been involved in the tuna industry in Australia since 1960.

He is currently a Board member of the South Australian Government's Aquaculture Advisory Council. He was a founding member of Australian Bight Seafood in 1971, and a founding member of the Australian Tuna Boat Owners Association. Mr. Stehr has been chair of the South Australian Marine Finfish Farmers Association, the peak body for the sea farming industry. Since 1997, he has been the Chairman of the Australian Maritime and Fisheries Academy.

In 2010, Mr. Stehr received an honorary doctorate from the University of the Sunshine Coast.

Mr. Stehr was awarded the Order of Australia in 1997 for services to the Seafood Industry.

Mr. Marcus Stehr (Non-Executive Director)

Appointed as a Director upon incorporation in September 2000, his technical qualifications include Master Class 4 and Master Class 5 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 in 2007.

In addition to his Directorships of Australian Tuna Fisheries and Clean Seas Tuna Limited, Mr. Stehr makes a strong contribution to the Australian fishing and aquaculture industries as a Board Member of the South Australian Marine Finfish Association (SAMFA) and the Australian Southern Bluefin Tuna Industry Association (ASBTIA) and serves as a Deputy Member of the Aquaculture Advisory Committee (ACC). He was also a member of the Co-operative Research Centre's Southern Bluefin Tuna Steering Committee from 2003 to 2005.

Mr. Stehr is a member of the FARM/WHS&E and the Remuneration and Nominations Committees.

Mr. Nick Burrows (Independent Non-Executive Director)

Mr Burrows was appointed to the Company Board on 18 April 2012.

Mr. Burrows is a respective Fellow of the Australian Institute of Company Directors, Chartered Secretaries Australia and the Financial Services Institute of Australasia and is a qualified 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 a strong and contemporary senior executive ASX300 aquaculture listed entity background.

Mr. Burrows currently holds a diverse 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 currently a Non-Executive Director of Skills Tasmania and Tasmanian Water and Sewerage Corporation (Southern Region) Pty Limited – ("Southern Water") and Chairman of Tasmanian Quality Assured Inc in the Not-For-Profit sector. Mr Burrows has also been an Independent Director on a number of private sector Boards including VEC Civil Engineering Pty Ltd.

Information on Directors (continued)
Mr. Nick Burrows (Non-Executive Director)(continued)

He has extensive experience as an Audit and Risk Committee member in such organisations as VEC, Southern Water, Tasmania's Department of Primary Industries, Parks, Water and Environment and Local Government.

Mr. Burrows has also had a long involvement with Chartered Secretaries Australia including serving as National President and currently serving on the Tasmanian Branch Council.

He possesses extensive governance, financial, audit and risk and remuneration premised expertise and is also providing governance advisory expertise to a number of ASX Listed entities.

Mr. Burrows is Chairman of the FARM/WHS&E Committee and a member of the Remuneration & Nominations Committee.

Mr. Paul Robinson (Non-Executive Alternate Director)

Appointed Alternate Director for Mr. Hagen Stehr AO in December 2005. He 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 (a major shareholder of Clean Seas Tuna Ltd) in May 2006.

Mr. Robinson is a consultant to the FARM/WHS&E Committee.

Dr. Craig Foster (Chief Executive Officer)

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

Craig 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.

He was Managing Director of Skretting Australia (the leading fish feed manufacturer in the Australian and New Zealand region) and its subsidiary Marine Harvest from 2000 to 2005, having worked for Skretting for 5 years previously.

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

Craig 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. Frank Knight (Company Secretary)

Appointed Company Secretary in February 2006. Prior to joining Clean Seas Tuna Limited, Mr Knight has had experience in all aspects of finance and treasury in primary production, manufacturing, fishing, entertainment and defence industries. He is a graduate of the University of South Australia with a Bachelor of Business and is a Certified Practicing Accountant. Mr Knight also acts as Chief Financial Officer.

Meetings of Directors

During the reporting period, the Board continued to refine and enhance its Committee structures so as to achieve greater alignment and less duplication and overlap of Committee functions and responsibilities. The Board currently has two Committees, the Finance Audit and Risk Committee (FARM-WHS&E) and the Remuneration and Nominations Committee.

Directors' Report

For the year ended 30 June 2012

Meetings of Directors (continued)

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member). During the reporting period, there were twelve scheduled meetings of Directors, five scheduled formal meetings of the FARM-WHS&E Committee and five scheduled formal meetings of the Remuneration and Nominations Committee held.

	Directors' Meetings	**FARM Committee Meetings**	**Remuneration and Nominations Committee Meetings**
	Held/Attended	Held/Attended	Held/Attended
J Ellice Flint	11/(11)	5/(5)	5/(5)
H Stehr	12/(11)*	-	-
C Ashby	10/(7)	-	-
M Stehr	12/(11)	2/(1)	-
P Steere	12/(12)	5/(5)	5/(5)
P Housden	5/(4)	2/(2)	2/(2)
N Burrows	2/(2)	1/(1)	1/(1)

*Paul Robinson attended two Directors' Meetings, one FARM-WHS&E Committee Meeting and one Remuneration and Nominations Committee meeting as alternate for Mr. Hagen Stehr.

Interests in shares and options of the entity

As at the date of this report, the interests of the Directors in the shares and options of Clean Seas Tuna Limited were:

Director	**Ordinary Shares**	**Options over Ordinary Shares**
H Stehr	96,149,910	Nil
M Stehr	352,500	300,000
P Steere	Nil	Nil
N Burrows	Nil	Nil
P Robinson (Alternate)	383,454	Nil

94,646,785 of the ordinary shares attributed to H. Stehr are beneficially held by Australian Tuna Fisheries Pty. Ltd. 1,453,125 of the ordinary shares attributed to H. Stehr are beneficially held by Stehr Group Pty. Ltd.

In November 2007, the shareholders at the Annual General Meeting approved the further issue of options to Directors, of which 300,000 are in escrow until November 2012.

Unissued ordinary shares of Clean Seas Tuna Limited under option at the date of this report are as follows:

Date Granted	**Expiry Date**	**Issue Price of Shares**	**Number Under Option**
20-Dec-07	31-Jan-13	$3.00	300,000
			300,000

Total options on issue as at 30 June 2012 are 300,000.

Directors' Report

For the year ended 30 June 2012

Indemnification and Insurance of Directors and Officers

Under Clause 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. 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 7 years thereafter. It also provides a Director with a right of access to Board papers and other documentation while in office and for 7 years thereafter.

Proceedings on Behalf of Company

No person has applied for leave of the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or 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.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

During the year Grant Thornton, the Company's auditor, has performed certain "non-audit services" in addition to their statutory 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 Finance, Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

Non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed to ensure they do not impact the integrity and objectivity of the auditor; and

The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including 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 economic risks and rewards.

During the year Grant Thornton received the following amounts for the provision of non-audit services:

	2012 $'000	2011 $'000
Taxation consultation services	3	4
Taxation compliance services	10	16

Auditor's Declaration

The Auditor's independence declaration under section 307C of the Corporations Act 2001 has been received and can be found on page 41.

Remuneration Report – Audited

(a) Remuneration policy

This Remuneration Report details the nature and amount of remuneration for each Director of Clean Seas Tuna Limited and for the designated key management personnel. The Remuneration Report forms part of the Directors' Report and has been prepared in accordance with the requirements of the Corporations Act 2001 and its Regulations. The Company's remuneration policy may be amended from time to time and is reviewed at least once a year.

The Company is committed to ensuring that it has both competitive remuneration practices and sound remuneration policies that offer appropriate and fair rewards and incentives in order to attract, motivate and retain key executives whilst also demonstrating a clear and aligned relationship between their performance and remuneration.

The Remuneration and Nominations Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior Executives of the Company.

The primary objectives of the remuneration policy are to provide a competitive, flexible and benchmarked structure that reflects market best practice. It is tailored to the specific circumstances of the Company and which reflects the person's duties and responsibilities so as to attract, motivate and retain people of the appropriate quality.

Remuneration levels are competitively set to attract appropriately qualified and experienced Directors and Executives. The Remuneration and Nominations Committee obtains independent advice on the level of remuneration packages.

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.

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).

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.

In support of the rightsizing challenges faced by the Company, at its meeting on 16 April 2012, the Board resolved to reduce Directors fees by approximately 20 percent. Following this reduction, the Chairman is paid $100,000 per annum inclusive of statutory superannuation and other Non-Executive Directors currently receive $50,000 each per annum inclusive of statutory superannuation.

Remuneration Report (continued)

Executive Remuneration

The fundamental objective of the Company's Remuneration Policy is to foster and maintain behaviour that supports the sustained financial performance of the Group and to reward Executive and Management efforts which increase shareholder value.

The Company aims to reward Executive Directors, the Chief Executive Officer and other Senior Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company, and so as to:

- reward them for business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators;
- align their interests with those of shareholders;
- link their reward with the strategic goals and performance of the Company; and
- ensure their total remuneration is competitive by market standards.

Remuneration may consist of both fixed and variable remuneration components. In particular, remuneration packages may consist of any or all of the following;

- annual salary based on conditions and the relevant market - with provision to recognise the value of the individuals' personal performance and their ability and experience;
- ad hoc rewards, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- bonuses - a lump sum payment related to achieving target achievement of identified business drivers and personal key performance indicators ("KPI's") measured over a year;
- share participation – to the extent that any shareholder approved equity based incentive plans are in operation from time to time; and
- other benefits such as holidays, sickness benefits, superannuation payments, long service benefits and motor vehicles.

The performance of executives is measured annually against criteria agreed each year with each executive and is predominately based on operational outcomes which the Board would expect to translate into Company profits and shareholder value. Bonuses and incentives are usually linked to predetermined performance criteria. The policy is designed to attract the best within the industry area in which the Company operates and reward them for performance that results in long-term growth in shareholder value.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

Options are valued using the Black-Scholes methodology.

Remuneration Report (continued)

Performance Based Remuneration

As part of some executive's remuneration package there is a performance based component consisting of cash and options for satisfactorily achieving outcomes based events. The intention of this remuneration package structuring is to align executive goals with that of the business and shareholders. With respect to the cash component, KPI's are set annually with an appropriate level of prior consultation with the executives. The measures are specifically tailored to the areas each executive is involved in and has a level of control over and are mainly related to production targets that will influence Group profit and revenue.

Performance in relation to the KPI's is assessed annually with bonuses being awarded depending on the level of achievement against each KPI. Following the assessment, the KPI's are reviewed by the Remuneration and Nominations Committee in light of desired and actual outcomes and their efficiency assessed in relation to the Company's goals and shareholder returns, before the KPI's are established for the following year.

Board and Executive Performance review

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

Pursuant to the Board's and Board Committees' 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 Boards' 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.

The annual performance evaluations for the Board, its respective Committees and the individual Directors will be conducted prior to the conclusion of the financial year ended 30 June 2013 in accordance with disclosed Company policy.

Performance income as a proportion of total remuneration

Executives are eligible to be paid performance bonuses based on varying criteria. The Remuneration and Nominations Committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the consolidated Group.

The Remuneration and Nominations Committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Voting and comments made at the Company's 2011 annual general meeting

Clean Seas Tuna Ltd received more than 90% of "yes" votes on its remuneration report for the 2011 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(b) Employment Contracts

Remuneration and other terms of employment for the Chief Executive Officer and the other key management personnel are formalised in employment contracts. Major provisions of the contracts relating to remuneration are set out below.

Remuneration Report (continued)

C. Foster, Chief Executive Officer
Appointed on 16th January, 2012.

Base salary inclusive of superannuation for the year ended 30 June 2012 of $335,000, to be reviewed annually by the Remuneration and Nominations Committee.

Payment of termination benefit on early termination by the Company, other than for gross misconduct equal to 6 months' base salary.

Provision of fully maintained Company vehicle.

Bonus scheme, as at 30th June 2012 - the employee is eligible for a Short Term Incentive, not exceeding $100,000 in total, for achieving short term key performance indicators relating to Kingfish FCR performance and profitability and Southern Bluefin Tuna survivals.

Subject to shareholder approval, as at 30th June 2012 the employee is eligible for a Long Term Incentive, not exceeding 400,000 Performance Rights for shares to be issued at 8c per share, for achieving the following long term key performance indicators:

- The Company has a VWAP Share price of 25c or higher for the month of June 2015.
- The Company has a VWAP share price of between 14c and 25c for the month of June 2015.

Long Term Incentives are subject to the employee still being employed by the Company as at the relevant date and that the employee is still complying with his obligations under this Agreement.

M Deichmann, General Manager Hatcheries
Base salary inclusive of superannuation for the year ended 30 June 2012 of $223,450 to be reviewed annually by the Remuneration and Nominations Committee.

Bonus scheme, as at 30 June 2012, the employee is eligible for performance based remuneration incentives relating to survival of Southern Bluefin Tuna survival and Kingfish fingerling production.

Frank Knight, Company Secretary and CFO

Base salary inclusive of superannuation for the year ended 30 June 2012 of $173,610, to be reviewed annually by the Remuneration and Nominations Committee.

Payment of termination benefit on early termination by the Company, other than for gross misconduct equal to 3 months' base salary.

Terrance Smith, Marine Production Manager
Appointed 17th February 2012

Base salary inclusive of superannuation for the year ended 30 June 2012 of $130,800 to be reviewed annually by the Remuneration and Nominations Committee.

Payment of termination benefit on early termination by the Company, other than for gross misconduct equal to 1 month's base salary.

Provision of a fully maintained vehicle.

Directors' Report

For the year ended 30 June 2012

Remuneration Report (continued)
(b) Employment Contracts (continued)

Michael Thomson, R & D Manager

Base salary inclusive of superannuation for the year ended 30 June 2012 of $132,220, to be reviewed annually by the Remuneration and Nominations Committee.

Payment of termination benefit on early termination by the Company, other than for gross misconduct equal to 1 month's base salary.

Provision of a fully maintained vehicle.

Options Granted as Remuneration

No options were granted during the 2012 financial year.

(c) Key Management Personnel Remuneration

Directors		Short Term Benefits			
2012		Salary	KPI Bonus	Benefits	Directors fees
	Note	$'000	$'000	$'000	$'000
C Ashby		144	-	10	27
N. Burrows	c	-	-	-	10
J Ellice-Flint		-	-	-	107
P Housden	a	-	-	-	23
P Robinson	b	-	-	-	-
P Steere		131	-	-	57
H Stehr	a	-	-	-	58
M Stehr	d	267	-	5	13
		542	**-**	**15**	**295**

Directors		Post Employment Benefits	Share Based payment		Total Benefits	
2012 (cont'd)			Shares	Options	Total	Performance Related
	Note	$'000	$'000	$'000	$'000	%
C Ashby		-	-	-	181	-
N. Burrows	c	-	-	-	10	-
J Ellice-Flint		-	-	-	107	-
P Housden	a	-	-	-	23	-
P Robinson	b	-	-	-	-	-
P Steere		-	-	-	188	-
H Stehr	a	-	-	-	58	-
M Stehr	d	-	-	-	285	-
		-	**-**	**-**	**852**	

Remuneration Report (continued)

Key Management Personnel 2012		Short Term Benefits		
		Salary	KPI Bonus	Benefits
		$'000	$'000	$'000
C Foster	e	146	-	2
T Smith		31	-	8
M Deichmann		224	10	18
F Knight		181	-	-
M Thomson		132	-	-
		714	**10**	**28**

Key Management Personnel 2012 (cont'd)		Post Employment Benefits	Share Based payment		Total Benefits	
			Shares	Options	Total	Performance Related
		$'000	$'000	$'000	$'000	%
C Foster	e	-	-	-	148	-
T Smith		-	-	-	39	-
M Deichmann		-	-	-	252	8%
F Knight		-	-	-	181	-
M Thomson		-	-	-	132	-
		-	**-**	**-**	**752**	

Directors 2011	Note	Short Term Benefits			
		Salary	KPI Bonus	Benefits	Directors fees
		$'000	$'000	$'000	$'000
C Ashby		365	-	47	-
J Ellice-Flint		-	-	-	120
P Housden		-	-	-	33
T O'Regan		-	-	-	45
P Robinson	b	-	-	-	-
P Steere		-	-	-	60
H Stehr	a	-	-	-	60
M Stehr		262	-	5	-
		627	**-**	**52**	**318**

Directors 2011 (cont'd)	Note	Post Employment Benefits	Share Based payment		Total Benefits	
			Shares	Options	Total	Performance Related
		$'000	$'000	$'000	$'000	%
C Ashby		-	-	-	412	-
J Ellice-Flint		-	-	-	120	-
P Housden		-	-	-	33	-
T O'Regan		-	-	5	50	-
P Robinson	b	-	-	-	-	-
P Steere		-	-	-	60	-
H Stehr	a	-	-	9	69	-
M Stehr		-	-	213	480	-
		-	**-**	**227**	**1,224**	

Remuneration Report (continued)

Key Management Personnel 2011	Short Term Benefits		
	Salary	KPI Bonus	Benefits
	$'000	$'000	$'000
J Brown	105	-	4
J Ciura	142	-	-
M Deichmann	212	20	16
F Knight	172	-	6
M Thomson	120	-	-
	751	**20**	**26**

Key Management Personnel 2011 (cont'd)	Post Employment Benefits	Share Based payment		Total Benefits	
		Shares	Options	Total	Performance Related
	$'000	$'000	$'000	$'000	%
J Brown	-	-	-	109	-
J Ciura	-	-	-	142	-
M Deichmann	-	-	-	248	8%
F Knight	-	-	-	178	-
C Wilkes	-	-	-	120	-
	-	-	-	**797**	

(a) Directors fees for H Stehr and P Housden were paid to companies associated with the Directors.

(b) Consulting fees of $51,929 were paid to PSMMR Pty Ltd (2011 - $76,000 – Capital Strategies Pty Ltd), an associated Company of Paul Robinson (Alternate Director).

(c) Consulting fees of $33,000 (2011 – Nil) for services provided other than as a director were paid to Nick Burrows.

(d) Consulting fees of $23,300 (2011 – Nil) for services provided other than as a director were paid to Sanchez Tuna Pty Ltd , an associate company of Marcus Stehr.

(e) Consulting fees of $20,000 (2011 – Nil) for services provided other than as a director were paid to Shanelsa Tuna Pty Ltd , an associate company of Craig Foster.

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and accordingly amounts in the financial statements and the Directors' Report have been rounded off to the nearest $1,000.

Signed in accordance with a Resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

Paul Steere
Chairman

Adelaide
14th August 2012

Corporate Governance Statement

Corporate Governance Statement

The Board of Directors and Management of Clean Seas Tuna Limited recognise the importance of good corporate governance and are committed to maintaining and enhancing the highest standards across the Group - good governance is not considered to be just a matter for the Board and Management, rather a culture entrenched Company-wide.

Reflective of the nature, scale and complexity of Clean Seas' operations, the Board has established a transparent and high quality corporate governance framework comprising codes, policies and charters under which the Company operates. The framework outlines the Company and Management's commitment to act ethically, openly, fairly, and diligently when promoting the interests of shareholders, employees, customers, suppliers and broader community interests.

During the reporting period the Company undertook an extensive and comprehensive review of all of its governance policies and practices and the governance framework has been substantially enhanced in line with best practice. The Company's corporate governance policies will continue to be under regular review due to the ever changing regulatory environment and the desire for the Company to operate at the highest governance levels possible.

Details of the Company's corporate governance policies are available on the Company's website at www.cleanseas.com.au and may be accessed via the 'Corporate Governance' section.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2012.

The Group and its controlled entity, together, are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. Unless disclosed below, the practices comply with the ASX Corporate Governance Principles and Recommendations (including 2010 Amendments).

Principle 1: Lay solid foundations for management and oversight

Role of the Board

The Board of Directors is accountable to Shareholders for the overall performance and governance of the Company.

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Group's strategies, policies and performance. This includes overseeing the financial and human resources the Group has in place to meet its objectives and reviewing management performance;

- protect and optimise Group performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Group's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;

- set, review and ensure compliance with the Group's values and governance framework (including establishing and observing high ethical standards); and

- adopt and oversee the management of a corporate governance framework to ensure that the Group complies with its continuous disclosure obligations, all investors have equal and timely access to material information concerning the Group and all Group announcements are presented in a clear and balanced way.

Corporate Governance Statement

The Board's roles and responsibilities are formalised in a Board Charter which is available on the Company's website. The charter is reviewed periodically to ensure it remains appropriate given the operations of the business and the responsibilities and composition of the Board

In addition to the Board Charter, the Board has developed the following suite of policy documents which clearly establish the relationship between the Board and Management and further describe their respective roles and responsibilities in a manner consistent with the ASX Principles:

- Policy on Delegation and Matters Reserved for the Board;
- a policy statement outlining the Role of the Chairman; and
- a policy statement outlining the Chief Executive Officer.

These documents are also available on the corporate governance section of the Company's website.

Fundamentally, the Board is responsible for:

- determining corporate policy;
- setting the Company's goals and strategic direction including identification and analysis of merger, acquisition and investment opportunities for the Group in accordance with the Strategic Plan;
- assessing and monitoring performance against budgets and strategic plans; and
- monitoring the management of the business.

The Board also ensures that the appropriate integrated controls, systems and procedures are in place to identify, assess, monitor and manage material business risks and to ensure compliance with all regulatory requirements.

The Board is responsible for the appointment of the Chief Executive Officer, sets his/her remuneration and monitors his/her performance annually.

The Board also reviews and approves the Senior Executive structure of the Company, their appointment and remuneration and annually monitors their performance, with recommendations brought forward by the Chief Executive Officer.

The Chief Executive Officer is responsible to the Board for the day-to-day operation of the Company.

Board Committees

Board Committees assist the Board in the oversight and control of the Company.

During the reporting period, the Board continued to refine and enhance its Committee structures so as to achieve greater alignment and less duplication and overlap of Committee functions and responsibilities. The Board currently has the following Committees:

- Remuneration and Nominations Committee – refer discussion at ASX Principles 2 and 8; and
- Finance, Audit and Risk Management – Workplace, Health and Safety and Environment Committee ('FARM-WHS&E') – refer discussion at ASX Principle 4.

Each Committee operates under a formal Charter approved by the Board under which authority is delegated by the Board and which set out matters relevant to the composition, responsibilities and administration of those Committees. The Charters are reviewed annually and are available on the Company's website.

The performance of each Committee is reviewed annually by the respective Committee and then reported to the Board.

Corporate Governance Statement

Minutes of Committee meetings and Committee recommendations are provided to the Board.

Each Committee (including the Chairperson of the Committee) is appointed by the Board of Directors, following consideration of recommendations from the Group Remuneration and Nominations Committee. Membership of each Committee is reviewed by the Board on an annual basis.

All Committees are comprised of Non-executive members of the Board, with the majority of members being independent Directors, based on the assessment of the Board under its Independent Director Standards.

The Chairperson of each Committee may call a meeting of the relevant Committee at any time, or if so requested by any member of the Committee.

Each Committee develops and maintains an annual program, which details major items of business to be considered at set points throughout the year, to support both the Committee's and the Board's activities.

Each Committee is empowered, with the prior approval of the Chairman of the Board, to consult experts at the expense of the Company where the Committee considers it necessary to carry out its duties.

The Chairman of the Board as well as each Director is entitled to attend meetings of all Board Committees.

The number of respective Committee meetings that were held over the reporting period and the attendance of Committee members (both current and those retiring during the course of the reporting period) at these meetings are set out in the Directors' Report on page 9.

Letters of Appointment

The appointment of a new Director by the Board is formalised with a detailed letter of appointment from the Chairman which sets out the key conditions of their appointment including such matters as their term of appointment, duties, rights, responsibilities, time commitments, expectations of the role and remuneration.

Performance and evaluation of Senior Executives

Formal performance evaluations have been undertaken for Senior Executives during the current financial year in accordance with the process disclosed in this Annual Report. The Chief Executive Officer was appointed in January 2012 and his performance evaluation will be conducted prior to the conclusion of the financial year ended 30 June 2013.

Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out in its Board Charter. The Charter sets out the structure, role, composition and responsibilities of the Board of Directors and is available via the corporate governance section of the Company's website.

Board composition

The Board determines its size within the limits provided in the Company's Constitution, which currently provides for a minimum of three Directors and a maximum of nine Directors. The size of the Board is reviewed on an ongoing basis and at least annually. The Board currently comprises four Non-executive Directors including the Chairman.

The names, terms of office and the skills, experience and expertise of each of the Board members in office at the date of the Annual Report is set out in the Directors' Report on pages 6-8.

Corporate Governance Statement

The Board is structured to ensure that it consists of Directors who have a proper understanding of the business and who can add value in the context of Clean Seas' business. The Board considers that all Directors have an understanding of Clean Seas' business and the industry within which it operates and that the Directors' diverse range of skills and experience is appropriate to discharge its responsibilities and duties.

Pursuant to the Board Charter:

- the respective roles of Chairman and Chief Executive Officer are separated;
- the Board consists of members with an appropriate mix of skills, diversity, experience, expertise, gender, cultural background, ethnicity and age to enable the Board to be an effective decision making body;
- the Board comprises a majority of Non-executive members; and
- the Chairman of the Board is appointed by the Board and an Independent Non-executive Director in accordance with the criteria for independence set out in Clean Sea's Policy on Independence of Directors.

Independence

The Board is conscious of the need to have independent Directors but must also ensure that Board members can add value in the context of Clean Sea's business. Therefore, the Board seeks to ensure that the Board comprises Directors who have a strong understanding of Clean Seas' core business – in particular, primary production and specifically aquaculture - whilst also being able to bring independent views and judgment to the Board's deliberations.

The Board has a policy on Independence of Directors and in defining the characteristics of an independent Director, the Board uses the ASX Principles together with its own consideration of the Company's operations and business, applying appropriate materiality thresholds on a case-by-case basis with reference to each Director and having regard to both quantitative and qualitative principles.

The Independence Policy is available on the Company's website.

When assessing Director independence the Company adopts the following test:

"Is this Director independent of Management and free of any business or other relationship with Clean Seas that could materially interfere, or could reasonably be perceived to materially interfere, with the exercise of objective, unfettered and independent judgment of Directors?"

Information about any such relationships, including any related financial or other details, is assessed by the Board to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of a Director's unfettered and independent judgment. In determining whether an interest or relationship is considered to interfere with a Director's independence, the Board adopts a conservative approach to materiality.

The Board considers that executive postings, substantial shareholdings, acting in a professional advisory capacity, material business relationships, serving as a long-term Director, being a material supplier or customer or having a material contractual relationship are all indicative of a Director lacking the appropriate independence to meet the test.

The Chairman, Mr Paul Steere and Mr Nick Burrows are considered to be independent under the terms of the Company's Policy on Independence of Directors. The current composition of the Board, however, does not have a majority of independent Directors (and consequently the Board's composition does not comply with ASX Principle 2.1).

Corporate Governance Statement

Non-executive Director	Status
Paul Steere (Chairman)	Independent
Nick Burrows	Independent
Hagen Stehr	Non-independent
Marcus Stehr	Non-independent

The Board has adopted a number of policy measures to ensure that independent judgment is achieved and maintained in respect of its decision-making processes. These include:

- the Chairman is an independent Director;
- Directors are entitled to seek independent professional advice at the Company's expense, subject to approval by the Board;
- Directors who have a conflict of interest in relation to a particular item of business must absent themselves from the Board Meeting before commencement of discussion on the topic; and
- Non-executive Directors confer on a needs basis without Management in attendance.

Furthermore, the current Board composition is not considered to impair Board performance because each non-independent Director has broad and significant experience and expertise in the Group's underlying core business and bring a broad depth of knowledge to the Clean Seas Board. In particular, Mr Hagen Stehr and Mr Marcus Stehr have many years experience in primary production with the majority of that experience being within the aquaculture and fishing industries. These Board members have the expertise to set the Company's strategic direction together with the balance of the Board, and the access to industry knowledge to question and challenge executive management. Mr Hagen Stehr and Mr Marcus Stehr have major interests in the company which the Board also believes aligns general shareholder aspirations with the entity's aims.

The Board feels that it has an appropriate mix of skills to provide the required depth of knowledge and industry experience to meet the Board's responsibilities and objectives.

The Board assesses the independence of new Directors upon appointment and reviews their independence and the independence of the other Directors, as appropriate. Where a Director's independence status changes, the Company has procedures in place to provide a timely disclosure to the market of the change.

Board skills, knowledge and experience

Although the shareholders appoint Directors, the Board seeks to ensure that the Directors have a broad range of experience and commercial expertise or appropriate professional qualifications. Board members must have (or develop) a thorough understanding of the Company's business and operations and be able to bring value to the Board's deliberations.

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern the business. The Board and its Committees actively work to ensure that the they continue to have the right balance of skills, experience, independence and Company and industry knowledge to discharge their responsibilities in accordance with the highest standards of governance.

Directors must demonstrate unquestioned honesty and integrity, preparedness to question, challenge, and critique, and a willingness to understand and commit to the highest standards of governance. Each Director must ensure that no decision or action is taken that places their interests in front of the interests of the business.

Further, Directors must be prepared to and are expected to commit sufficient time and resources in order to satisfactorily perform their role effectively.

Corporate Governance Statement

Remuneration and Nominations Committee

The Board has established a Remuneration and Nominations Committee whose primary roles are to:

- assist the Board in discharging its responsibilities in relation to remuneration policy;
- to ensure that the Company undertakes an ongoing assessment of the composition and effectiveness of the Board; and
- to manage the formal processes used for the selection and appointment of new Directors and re-appointment of incumbent Directors.

The Committee is to comprise at least three Non-executive Directors the majority of which are independent. The Chairman of the Committee must be an independent Non-executive Director and is appointed by the Board.

The Committee is comprised solely of independent Non-executive Directors Mr Paul Steere (Chairman) and Mr Nick Burrows, however, as the Committee does not have at least three members the Committee's composition does not comply with ASX Principle 2, Recommendation 2.4. Mr Marcus Stehr has accordingly been appointed a Committee Member subsequent to the end of the current reporting period to redress this position which occurred following Directorship changes late in the current reporting period. Details of Committee member's respective skills, qualifications and experience are set out in the Directors' Report on pages 6-8. The number of Committee meetings that were held over the reporting period and the attendance of Committee members (both current and those retiring during the course of the reporting period) at these meetings are set out in the Directors' Report on page 9.

The Committee's has a written Charter which sets out its structure, roles, responsibilities, resource access protocols (internal and external), meeting process, Board reporting requirements and performance evaluation requirements. The Charter is available on the Company's website.

The Committee and the Board are committed to ensuring that there is a transparent procedure for the selection, appointment and re-appointment of Directors to the Board. The Committee provides advice, support and recommendations to the Board regarding:

- appropriate nomination policies and practices in light of best practice, regulatory developments and the needs of the Company;
- the size, composition and skills of the Board appropriate to meet the needs of the Company;
- the necessary and desirable competencies of Directors;
- Board succession plans, including the succession of the Chairman and specific nominations for Directorship appointments, to maintain an appropriate mix of skills, experience, expertise and diversity on the Board;
- The Chief Executive Officer's succession plan;
- the Group's policy in relation to Board diversity and strategies to address Board diversity;
- formulating strategies on Board gender diversity and diversity in general (which includes age, ethnicity, culture and religion);
- the development of effective processes for the evaluation of the performance of the Board, its Committees, the Chairman and each of the Directors;
- the appointment and re-election of Directors;
- effective new Director induction processes; and
- reporting disclosures in relation to nomination and Board performance meet the Board's disclosure objectives and all relevant statutory, regulatory requirements.

Corporate Governance Statement

The Charter, and the Committee's fulfilment of its responsibilities there-under, are respectively reviewed and evaluated annually and the findings thereof reported to the Board. The Committee's performance evaluation will next be undertaken during the upcoming financial year in accordance with disclosed Company policy.

Board, Committee and Director performance evaluation

The Board is committed to transparency in determining Board membership and in assessing the performance of Directors. Pursuant to the Board's and Board Committees' 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 Boards' work. This process enables the Board to identify any scope to improve its effectiveness and assists in the Board's ongoing Director development program. In particular the process:

- compares the Board's performance with the requirements of the Board Charter;
- assists in setting the goals and objectives of the Board for the upcoming year; and
- underpins any desirable improvements to the Board Charter.

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.

The annual performance evaluations for the Board, its respective Committees and the individual Directors will be conducted prior to the conclusion of the financial year ended 30 June 2013 in accordance with disclosed Company policy.

Director selection, appointment and re-election

The procedures for the appointment and removal of Directors are ultimately governed by the Company's Constitution. The Board has also adopted a 'Policy for the Selection and Appointment of Directors' which is available via the corporate governance section of the Company's website.

The Board may appoint Directors to fill casual vacancies that occur or to add additional persons to the Board up to the maximum number (currently nine) prescribed by the Constitution. A Director selected and appointed by the Board is required to retire in accordance with the Constitution of the Company at the next Annual General Meeting and is eligible for election by Shareholders at that Annual General Meeting. Shareholders are provided with relevant information on the candidates standing for election in the Notice of Meeting.

Clean Seas Directors have no prescribed fixed term of office but are subject to the retirement provisions contained in the Constitution, Company policies and the ASX Listing Rules. At least one-third of Directors (excluding a Managing Director) retire at each Annual General Meeting and Directors must submit themselves to shareholders for re-election at least every three years. Shareholders are provided with relevant information on the candidates standing for re-election in the relevant Notice of Meeting.

The Board has delegated to the Remuneration and Nominations Committee the responsibility for recommending to the Board candidates to be nominated to act as new Directors and for recommending to the Board the reappointment of retiring Directors.

The Board's Remuneration and Nominations Committee regularly reviews the composition of the Board to ensure that there is an appropriate mix of abilities and experience to serve the interests of shareholders. Any recommendations are presented to the full Board.

Corporate Governance Statement

If it becomes necessary to appoint a new Director to fill a vacancy on the Board, or to complement the existing Board, potential candidates are identified and assessed against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. This assessment extends to attention to the diversity needs of the Board, including gender diversity. Following this assessment, the Committee provides its recommendation to the Board for assessment and actioning.

On occasion, professional intermediaries can be used to assist with the identification and assessment of potential Director Candidates.

The Company has developed a comprehensive Board Skills Assessment matrix that is used to assess the skills of existing Directors and potential Director Candidates.

The appointment of a new Director by the Board is formalised with a detailed letter of appointment from the Chairman which sets out the key conditions of their appointment including such matters as their term of appointment, duties, rights, responsibilities, time commitments, expectations of the role and remuneration.

Induction and continuing education

Management, working with the Board, provide a comprehensive induction program for new Directors which canvas the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Codes of Conduct, its management structure, its internal and external audit programs, and Directors' rights, duties and responsibilities. These processes are designed to ensure that new Directors fully understand their role and are able to operate effectively from the date of their appointment.

To assist Directors to gain a broader understanding of the Company, Management also periodically conducts additional presentations for Directors about the Company, and the factors impacting, or likely to impact, on its businesses.

Directors are also encouraged to personally keep up-to-date on topical and industry impacting issues.

Board access to information and independent advice

All Directors have unrestricted access to all employees of the Company and, subject to the law, access to all Company records and information held by employees and external advisers. The Board receives regular detailed financial and operational reports from Senior Management to enable it to carry out its duties.

Consistent with the ASX Principles, each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

Meetings of the Board and conduct of Meetings

The Board currently meets formally at least 11 times a year and on other occasions, as required. Senior Management attend and make presentations at Board meetings as considered appropriate and are available for questioning by Directors.

The Board and its Committees also regularly meet without the Chief Executive Officer or Senior Executives present. Such sessions, in particular, deal with Management performance and remuneration issues, Board performance evaluation issues and discussions with external auditors to promote a robust independent audit process.

Corporate Governance Statement

The number of Board meetings that were held over the reporting period and the attendance of Directors (both current and those retiring during the course of the reporting period) at these meetings are set out in the Directors' Report on page 9.

Conflict of interests

Directors are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of the Group. This is a matter for ongoing consideration by all Directors, and any Director who has a material personal interest in a matter relating to the Group's affairs must notify the other Directors of that interest.

The Group's corporate governance standards, in particular the Board's 'Conflict of Interest Policy' provide that when a potential conflict of interest arises, the Director concerned does not receive copies of the relevant Board papers and withdraws from the Board meeting while such matters are considered. Accordingly, in such circumstances, the Director concerned takes no part in discussions and exercises no influence over other members of the Board.

The Conflict of Interest Policy is available via the corporate governance section of the Company's website.

Principle 3: Promote ethical and responsible decision making

The Board is firmly of the view that the reputation and integrity of the Company, the Board and employees will only be maintained through conducting its operating and corporate activities based on adopting the highest ethical standards.

Code of Conduct

The Board has ensured that a Code of Conduct is in place to guide the Directors and each employee of the Group and promote high ethical and professional standards and responsible decision-making.

The Code of Conduct clarifies the standards of behaviour that is expected of anyone who is employed by or works for the Company and all subsidiaries, including Directors and employees (both permanent and temporary), contractors and consultants when interacting with each other, customers, shareholders, investors, suppliers and the community.

The Code of Conduct addresses, amongst other things:

- ethical conduct and expected behaviours based on the principles openness, mutual respect, fairness, honesty and integrity;
- compliance with the law;
- trading in Clean Seas' securities;
- continuous disclosure compliance;
- privacy; and Group policies and procedures;
- intellectual property;
- integrity of records;
- improper payments, benefits or gains;
- confidentiality of information;

- identification and responsible management of conflicts of interests and related disclosure protocols;
- protection of Group assets;
- personal transactions; and
- whistleblower protection.

The Code of Conduct is consistent with ASX Principles and the Code is available via the corporate governance section of the Company's website.

Diversity

The Board approved the Company's Diversity Policy during the current financial year, consistent with the related amendments to the ASX Corporate Governance Principles and Recommendations published on 30 June 2010. This reflects the Company's commitment to the principles of diversity and that it both strongly recognises and appreciates the benefits that flow from fostering a balanced and diverse workforce - one which embraces differences in age, gender, culture and physical ability.

The Diversity Policy applies to all Companies within the Group and is available on the Company's website.

The Company is strongly focused on attracting and retaining the most talented people. As part of this recruitment and retention strategy, diversity remains an important consideration throughout all levels of the organisation including the Board.

Diversity at the Board level:

In order to facilitate greater gender diversity at the Board level, the Diversity Policy requires:

- the Company to implement an appointment process for future Directors that takes diversity of background into account to fit and enhance the Board skills matrix (in addition to previous Board and leadership experience and candidates' skills and experience in a variety of specified fields); and
- the selection process for Board appointments must involve the following steps (including where the Company engages an external recruitment agency to identify and assess candidates):
    - a short-list identifying potential candidates for the appointment must be compiled and should include at least one woman candidate, subject to availability of suitable qualified candidates; and
    - if, at the end of the selection process, a woman candidate is not selected, the Board must be satisfied that there are objective reasons to support its determination.

Diversity in the workplace:

In order to facilitate greater gender diversity in Management and leadership roles, the Diversity Policy requires:

- the Chief Executive Officer to have reference to the Policy in selecting and assessing candidates and in presenting recommendations to the Board regarding appointments to the Senior Executive team; and
- the Board to also consider gender diversity and the objectives of the Policy when considering those recommendations.

In addition, the Policy requires the Company to:

- implement policies which address impediments to gender diversity in the workplace and review their availability and utilisation;
- monitor the effectiveness of and continue to expand on, initiatives designed to identify, support and develop talented women with leadership potential; and
- continue to identify new ways to entrench diversity as a cultural priority across the Company.

Gender diversity:

As at 30 June 2012, women account for 15.9% (30 June 2011: 12.1%) of the Group's workforce and gender diversity by role within the Group sat at the following levels with percentages representative of women placed in all roles available at that job level:

Role Category	**Women Representation % (As at 30 June 2012)**	**Women Representation % (As at 30 June 2011)**
Board	0.0%	0.0%
Executive Managers	0.0%	0.0%
Managers	11.8%	10.5%
Non-Managerial	18.2%	15.0%

The Board acknowledges that there are no women at the Board and Executive Manager levels. The Group is currently in a major restructuring and re-positioning phase and undergoing significant adjustments in employee numbers across all employment levels. When this process is satisfactory concluded and the future direction and employment profile of the Group clarified, the Board will formalise specific and measureable objectives for achieving gender diversity across the Group including at Board level.

The Group's gender diversity philosophy is premised on placing emphasis on developing talented women and is not simply about increasing the number of women in the workforce. It seeks to ensure an ongoing focus to provide support and development for women throughout their career.

It is however important to note that the Group will still adhere to its Recruitment and Selection Policy and that the most suitable applicant for the role will always be successful, regardless of gender or any other demographic. The challenge is ensuring that the Group, as an employer, positions women employees well so as to be strongly considered for positions that arise, and that appropriate gender balance where possible is achieved when short listing applicants.

Whistleblower Protection Policy

The Company has a Whistleblower Protection Policy for confidential reporting of unacceptable or undesirable conduct. The Whistleblower Protection Policy is designed to encourage employees to confidently and responsibly (anonymously if they wish) raise any concerns and report instances of unethical, fraudulent, non-compliant, suspicious or improper conduct without being subject to victimisation, harassment or discriminatory treatment.

The Company will take all reasonable steps to protect a person who comes forward to disclose unacceptable or undesirable conduct, including disciplinary action (potentially resulting in dismissal) of any person taking reprisals against them.

Securities Trading Policy

The Board encourages Directors, Senior Executives and employees to own Clean Seas' shares to further align their interests with the interests of shareholders. Details of Directors' shareholdings are set out in the Directors' Report under the heading 'Directors' Interests in Shares and Options of the Entity on page 9.

The Company undertook a comprehensive 'best practice' review and update of its Securities Trading Policy during the reporting period and the revised Policy is available on the Company's website.

The Securities Trading Policy:

- provides a summary of the insider trading prohibition and sets out the specific requirements in relation to the buying, selling or otherwise dealing in the Company's shares, or shares in other companies;
- establishes procedures relating to buying and selling shares that provides protection to the Company, Directors and employees so as to ensure they do not abuse, and do not place themselves under suspicion of abusing, inside information that they have or may be thought to have, especially in periods leading up to an announcement of Clean Seas' results; and
- explains the type of conduct that is prohibited under the Corporations Act.

The Company's Securities Trading Policy specifically regulates share dealings by the following defined 'Restricted Persons':

- Clean Seas Directors;
- the following designated "Affected Employees"
    - Chief Executive Officer;

  - Company Secretary;
  - all members of the Executive;
  - all employees who report directly to members of the Executive;
  - any other employee designated as a Restricted Person by the Company Secretary from time to time for the purposes of the Policy;
- all immediate family members of Directors and Affected Employees; and
- companies, trusts and other entities controlled by Directors or Affected Employees.

All Clean Seas Directors and employees are prohibited from trading in Clean Seas shares or other securities while in possession of unpublished Clean Seas price-sensitive information. Price-sensitive information is information which a reasonable person would expect to have a material effect on the price or value of securities.

Accordingly, under the Securities Trading Policy, Restricted Persons must not deal in Clean Seas shares if the Restricted Person is in possession of unpublished information that, if generally available, might have a material effect on the price or value of the Company's shares or influence investors in deciding whether or not to buy or sell the shares.

Subject always to this, the Board has established a policy that Restricted Persons may trade in the Company's securities at any time, but shall not deal in the Company's securities in the following periods:

- from midnight, 31 December until midday South Australian time on the next ASX trading day after the day on which Clean Seas' half-year results are released to ASX;

- from midnight, 30 June until midday South Australian time on the next ASX trading day after the day on which Clean Seas' full year results are released to ASX; and

- such other period of periods as the Board of Directors may determine from time to time.

Prior to trading in Clean Seas securities, a Director must notify the Chairman, and Senior Executives must notify the Company Secretary, of their intention to trade. Directors must advise the Company which in turn advises the ASX, of any transactions conducted by them in the Company's securities within five business days after the transaction occurs.

Under the Policy, Non-executive Directors, Senior Executives and employees may otherwise trade in Clean Seas shares where there is unavoidable material hardship suffered by them or where required to by law. In these exceptional circumstances, the Non-executive Director, Senior Executive or employee must discuss this matter with the Company Secretary or Chairman (in the case of a Non-executive Director) before undertaking any trading. Approval will only be granted if the request is accompanied by sufficient evidence that the proposed purchase, sale or other dealing in Clean Seas shares is the only reasonable course of action available in the circumstances, the Restricted Person does not possess any price-sensitive information and a declaration to this effect is made.

The Company's Securities Trading Policy clearly prohibits the hedging of any economic exposure to Clean Seas shares whether that relates to unvested entitlements pursuant to any share or option based incentive plan or to shares owned outright.

Corporate Governance Statement

Principle 4: Safeguard integrity in financial reporting

The Board has established a Finance, Audit and Risk Management – Workplace Health and Safety and Environment ('FARM-WHS&E') Committee whose primary roles are to:

- financial reporting;
- internal control structures;
- internal (or equivalent) audit functions;
- external audit functions; and
- risk management systems, with a particular focus on environmental health and safety (refer further discussion at ASX Principle 7.)

The FARM-WHS&E Committee is comprised of at least three Non-executive Directors, the majority must be independent and at least one member should have professional accounting, or professional financial management expertise. Members will be financially literate, or become financially literate within a reasonable period of time after appointment to the Committee.

The Chairman of the Committee must be an independent Non-executive Director. The Chairman of the Board of Directors is precluded from being the Chairman of the FARM-WHS&E Committee.

The Committee meets at least four times per annum and otherwise as required. Two of the Committee meetings are held prior to Board meetings at which the Group's consolidated half year and annual financial reports are adopted.

The Committee is comprised of Mr Nick Burrows (Chairman), Mr Paul Steere and Mr Marcus Stehr. Details of Committee member's respective skills, qualifications and experience are set out in the Directors' Report on pages 6-8. The number of Committee meetings that were held over the reporting period and the attendance of Committee members (both current and those retiring during the course of the reporting period) at these meetings are set out in the Directors' Report on page 9.

The Board considers that all members of the Committee are financially literate and that the Committee possesses sufficient financial expertise and knowledge of the industry in which the Company operates.

Pursuant to its Charter, the FARM-WHS&E Committee is responsible for reviewing and making recommendations to the Board on:

- the integrity of the Company's financial reporting, in particular the half year and annual financial reports;
- compliance with applicable accounting standards to give a true and fair view of the financial position and performance of the Group;
- application of accounting policies;
- the systems for internal control established by Management and the Board;
- the quality, adequacy and effectiveness of the external auditor and coordinates its operation with the internal audit related activities; and
- the respective scope of both the external and internal audit, particularly the identified risk areas and whether all material risks and financial reporting requirements are covered.

The Committee also:

- oversees the procedures for the selection and appointment (or removal) of the external auditor;

Corporate Governance Statement

- oversees and assesses the effectiveness and independence of the external and internal auditors;
- evaluates and monitors the Company's exposure to fraud;
- establishes and maintains the Company's Whistleblower Protection Policy and related processes; and
- actively monitors compliance with relevant laws, including the Corporations Act, taxation laws, the requirements of ASIC and the ASX listing and business rules.

The Chief Executive Officer, Chief Financial Officer/Company Secretary, other members of Senior Management and external auditors are invited to attend meetings on a regular basis, as required.

The members of the Committee also meet with the external auditors without Management personnel being present at least once per annum. These meetings address, amongst other things, whether the external or internal auditors (as the case may be) have received co-operation from Management and whether there have been any impediments to carrying out their respective audits. The external auditors have a direct line of communication with the Chairman of the FARM-WHS&E Committee.

External Auditors

As part of the Company's commitment to safeguarding integrity in financial reporting, the Company has implemented policies and procedures to monitor the independence and competence of the Company's external auditors.

The Company's external auditors for the financial year are Grant Thornton. The effectiveness, performance and independence of the external auditor is annually reviewed by the FARM-WHS&E Committee. If it becomes necessary to replace the external auditor for performance or independence reasons, the FARM-WHS&E Committee will then formalise a procedure and policy for the selection and appointment of a new external auditor.

The Corporations Act requires external auditors to make an annual independence declaration, addressed to the Board of Directors, declaring that the auditors have maintained their independence in accordance with the Corporations Act 2001 and the rules of the professional accounting bodies. Grant Thornton's existing policy requires that its audit team provide such a declaration and a declaration was provided to the FARM-WHS&E Committee and the Board for the financial year ended 30 June 2012. The independence declaration forms part of the Directors' Report and is set out on page 41 of this Annual Report.

In accordance with Grant Thornton's policy, audit partners are rotated off the audit every five years and audit managers every seven years.

Information about the total remuneration of the external auditor, including details of remuneration for any non-audit services, is set out in Note 25 of the notes to the financial report.

The FARM-WHS&E Committee has assessed the other services provided by Grant Thornton in the financial year and taking into account the Committee's related guidelines has concluded that the auditor's independence has not been compromised.

Consistent with the ASX Principles, Grant Thornton attend and are available to answer questions at the Company's Annual General Meeting about the conduct of the audit and the preparation and content of the Auditor's Report.

Corporate Governance Statement

Principle 5: Make timely and balanced disclosures

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Securities Exchange's securities market and has adopted a comprehensive continuous policy covering all announcements to the Australian Securities Exchange.

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and by doing so ensuring that all shareholders and investors have equal and timely access to material information concerning the Company including its financial position, performance, ownership and governance.

The Company's Continuous Disclosure Policy is consistent with the ASX Principles and sets out the measures adopted by the Company to ensure its continuous disclosure obligations are met. The Policy attributes accountability at a Senior Executive level for that compliance. In particular, the Policy sets out how information will be identified, considered for disclosure and then (if necessary) disclosed by the Company to the market.

The Company's Continuous Disclosure Policy is available on the Company's website.

Pursuant to the Policy, announcements made by the Company must be timely, factual, not omit material information, and be expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Policy is designed to:

- provide guidance as to the types of information that may require disclosure, including examples and practical application of the rules;
- provide quantitative and qualitative materiality guidelines and interpretative guidance to assist in determining whether information is, or may be, material;
- provide guidelines and interpretative guidance to assist in determining whether information is, or may be, confidential pursuant to the Listing Rules;
- providing practical guidance for dealing with market rumours, market analysts and the media;
- identifying the correct channels for passing on potentially market-sensitive information as soon as it comes to hand; and
- establishing regular occasions at which Senior Executives and Directors are actively prompted to consider whether there is any potentially market-sensitive information which may require disclosure.

The Company's website contains copies of all ASX announcements covering such publications as annual financial reports, half year results, Notices of Meeting, media releases and analyst and investor briefings, with the latter released prior to or simultaneously with the commencement of the briefing.

The Company has a Disclosure Committee which is allocated the responsibility for approving the substance and form of any public disclosure and communications with investors. Significant ASX announcements (such as announcements of financial results, market guidance or major transactions) are the subject of full Board approval

The Company Secretary is the nominated disclosure officer and has responsibility for overseeing and coordinating disclosure of information to the Australian Securities Exchange and administering the Policy.

The Board regularly evaluates the Policy to ensure that is effective in ensuring accurate and timely disclosure in accordance with the Company's disclosure obligations and that it remains consistent with best practice in the market place.

Corporate Governance Statement

Principle 6: Respect the rights of shareholders

The Company recognises the importance of effective, forthright, clear and transparent communication as a key plank in building shareholder value and a core element of best practice corporate governance.

Clean Seas is committed to delivering communications that are in plain, easily understood language with the primary aim of ensuring that all its stakeholders can find the information they need, read it, understand it, and use it in a useful and practical way.

Accordingly the Board has adopted a Communications Policy which requires communication with shareholders in an open, balanced, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The Policy is available on the Company's website.

The Board is committed to monitoring ongoing developments that may improve the Company's shareholder communication practices, including technological developments, regulatory changes and the continuing development of market place "best practice" and whenever reasonably practicable to implement changes to the Company's communication protocols to reflect any such developments.

The Company's website (www.cleanseas.com.au) is a pivotal plank in the Company's communication strategy with shareholders and the market. It has been designed to enable information to be obtained in a clear and readily accessible manner. The Company has a dedicated Corporate Governance section on the Company's website which supplements the communication to shareholders in the Annual Report regarding the Company's corporate governance policies and practices.

The Company posts all reports, Australian Securities Exchange and media releases, copies of significant business presentations and speeches on the Company's website.

In addition to its formal disclosure obligations under the ASX Listing Rules, the Company's communications strategy promotes regular communication of information to Shareholders through a range of other forums and publications. These include:

- the Company's Annual General Meeting and accompanying notices and explanatory memoranda;
- the Chairman's address at the Annual General Meeting;
- distribution of the annual and half yearly reports; and
- trading updates and market/investor briefings.

The Company recognises the importance of the relationship between the Company and investors and analysts. From time to time the Company conducts analyst and investor briefings. In these cases the following protocols will apply:

- No information which could be expected to have a material effect on the price or value of the Company's securities will be disclosed at these briefings unless it has been previously or is simultaneously released to the market.
- If material information of the kind outlined above is inadvertently released it will immediately be released to the market via the securities exchange and be available on the Company's website.
- Questions at briefings that deal with material information not previously disclosed will not be answered.
- The Company will lodge a copy of any presentation material with ASX prior to the start of the briefing and then post on the Company's website.

Where requested to do so, the Company may review analysts' research reports but will confine comments to factual matters and material previously disclosed. The Company may comment on analysts' earnings' estimate to the extent of:

- acknowledging the current range of estimates;
- questioning an analyst's assumptions or sensitivities if the analyst's estimate is significantly at variance from current market range estimates; and
- advising factual errors where data is already in the public domain.

Forecast information will not be provided by the Company unless it has already been disclosed to the market.

Annual General Meeting ('AGM')

The Company's AGM is a major forum for shareholders to ask questions about the performance of the Company and also provides an opportunity for shareholders to provide feedback to the Company about information provided to shareholders.

The Board encourages and welcomes shareholder attendance at, and participation in, the AGM at which the external auditor is available to answer shareholder questions about the conduct of the audit and preparation and content of the Independent Audit Report.

Shareholders are encouraged to use this opportunity to ask questions of the Board and the external auditor.

The 2012 Notice of Annual General Meeting will be provided to all shareholders and posted on the Company's website.

To encourage participation in General Meetings, the Board has adopted Guidelines for Notices of Meetings. They provide clear procedures which the Company will follow to ensure that shareholders have the opportunity to attend and vote in a fully informed manner on the matters to be considered at General Meetings.

Principle 7: Recognise and manage risk

The Company strives to foster a risk-aware corporate culture in all decision making. Through skilled application of high quality, integrated risk analysis and management, Clean Seas seeks to exploit risk in order to enhance opportunities, reduce threats, and so sustain competitive advantage.

To support this commitment, risk analysis is applied to all facets of the business by management at appropriate levels, following the principles outlined in the Company's 'Procedures for the Oversight and Management of Material Business Risks'.

Risk management framework

The Company has a number of policies on risk management, as well as a related internal compliance and control system.

The Company's risk management system is supported by a well-structured framework and policy, based on the guidelines from ISO 31000:2009 Risk Management – Principles and Guidelines (ISO 31000) and the ASX Principles.

The Board and Management undertake a proactive and structured approach to risk management in all aspects of the Company's business activities particularly any major proposed projects and/or investments, changes in the nature of the Company's activities and/or operating environment, or when venturing into new operating environments which may present different risk profiles.

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The Company ensures that the material business risks that are faced, or which the Company will be potentially exposed to, are robustly assessed and identified as an integral element of pursuing its business objectives.

These risk categories include, but are not limited to: credit, market-related, liquidity, environmental, health and safety, operational, compliance and regulatory, strategic, reputation or brand, technological, product or service quality, and human resources risks.

Risk ratings are determined by analysing each material risk for the likelihood of occurrence and the possible consequence should the risk occur. Consideration is also given to the level of current controls, systems and strategies which exist to manage the risk. Mitigation strategies (where possible) are identified and considered for all materially rated risks until those risks are managed to, and maintained at, a level acceptable to the Board.

Formal risk management reports and updates on the Company's management of its material business risks, including changes to the Company's material business risk profile are reported to the Executive, the FARM-WHS&E Committee and the Board. The Company's risk registers and individual risk ratings are also used to document risks, develop mitigation actions and assign accountabilities.

Risk oversight and responsibilities

The Board has overall responsibility for overseeing the establishment and implementation of the risk management system.

The Board is also responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management.

The Board reviews and monitors the appropriateness of:

- the Company's risk management policy and strategy;
- the risks identified as the material risks facing the Company;
- the control monitoring and reporting mechanisms are in place;

with the assistance of updates provided by the FARM-WHS&E Committee and management.

The Board is appraised, at least on a six monthly basis, on the 'Risk Profile' of the Company and the adequacy and effectiveness of the risk management systems in place.

The FARM-WHS&E Committee assists the Board in discharging its responsibilities to set the risk appetite, promote awareness of a risk-based culture, oversee the risk profile and recommend the risk management framework of the Group to the Board.

Under its Charter, the FARM-WHS&E Committee ensures management has established and operates a business risk management system which is designed to:

- identify, assess, monitor and manage material business risk; and
- inform investors of material changes to the Company's risk profile.

More specifically, the FARM-WHS&E Committee:

- reviews and monitors the risk management framework;

- ensures there is, and evaluates the effectiveness of, a satisfactory system for monitoring the relevant risk profile, mitigation and management practices; and

- ensures the development and ongoing review of appropriate risk management policies.

More generally, the Board receives regular reports from the Chief Executive Officer and management on compliance with the Company's risk management policy. The Chief Executive Officer approves operational risk policy and strategy; reviews operational risk reports for the Company as a whole; and supports an environment that promotes prudent risk management practice.

The Executive team, in partnership with the Chief Executive Officer, ensures a structured and consistent risk management approach is adopted throughout the Company; sets standards for operational risk documentation and monitoring; co-ordinates overall risk profile and risk action plan reporting; prioritises material risks for the Company; develops and communicates Company policy and information about the risk management program to all staff; and establishes appropriate reporting processes to the FARM-WHS&E Committee and the Board.

All management and staff are responsible for the management, monitoring and reporting of risks. The Company is striving to create an environment where managing risk is accepted as the personal responsibility of each staff member in the achievement of their organisational goals and objectives.

The Board also acknowledges its obligation to inform the market of a change to its risk profile under the continuous disclosure policy, where the change is likely to have material impact on the price or value of shares in the Company.

Chief Executive Officer and Chief Financial Officer assurance

Consistent with the ASX Principles, the Company's financial report preparation and approval process for the financial year ended 30 June 2012, involved both the Chief Executive Officer and Chief Financial Officer respectively providing a written statement, to the best of their knowledge and belief, that:

- the financial records of the Group for the financial year ended 30 June 2012 (Financial Period) have been properly maintained in accordance with section 286 of the Corporations Act;
- the financial statements and the notes referred to in section 295(3)(b) of the Corporations Act for the Financial Period comply with the accounting standards and other mandatory professional reporting requirements; and
- the Company's financial report presents a true and fair view, in all material respects, of the Company's financial condition and operating results.

In addition, the Company has in place a process whereby the Chief Executive Officer and the Chief Financial Officer state to the Board in writing that the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

The Company is committed to ensuring that it has both competitive remuneration practices and sound remuneration policies that offer appropriate and fair rewards and incentives in order to attract, motivate and retain key executives whilst also demonstrating a clear and aligned relationship between their performance and remuneration.

Details on the Company's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report attached to the financial report. The Remuneration Report includes details of remuneration of Directors and other key Management personnel of the Company and details of the Company's Long-term Incentive Plans.

Corporate Governance Statement

Remuneration and Nominations Committee

The Remuneration and Nominations Committee assists the Board in discharging its responsibilities in relation to remuneration policies and practices across the Company. Under its Charter, the Remuneration and Nominations Committee reviews and makes recommendations to the Board relating to:

- remuneration policy and arrangements for Directors;
- the remuneration of the Chief Executive Officer and other Senior Executives, including fixed and variable components with both a short term and long term focus;
- the review of performance of the Chief Executive Officer and other Senior Executives;
- succession planning for Senior Executive positions;
- incentive schemes and related performance target and bonus strategies;
- employee equity based remuneration practices;
- recruitment, retention and termination policies for Senior Executives;
- superannuation arrangements;
- personnel practices;
- industrial relation strategies; and
- the general remuneration policy and practices of the Company, having regard to comparative and competitive remuneration remuneration practices in relevant employment markets.

The Committee is vigilant in monitoring the potential for, or perception of, conflict of interest regarding Executive Director involvement in Board decisions on remuneration packages and also in monitoring the involvement of Management generally in Committee discussions and deliberations regarding remuneration policy.

No Senior Executive is directly involved in deciding their own remuneration.

The Remuneration and Nominations Committee has deliberated at length over revised remuneration practices during the course of the year, to ensure the Company's Policy and practices are fully compliant with all applicable laws and regulatory guidelines and clearly fall within the Community's expectations of appropriate remuneration and reward practices.

A copy of the Company's Remuneration Policy is available on the Company's website.

Remuneration policy: Non-executive Directors

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.

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).

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.

In April 2012 Directors elected to reduce their fees by 20% .As a result the Chairman’s fees reduced from $120,000 to $100,000 per annum inclusive of statutory superannuation and other Director’s fees were reduced from $60,000 to $50,000 inclusive of statutory superannuation.

From time to time, the Board may ask individual Directors to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may receive extra amounts based on commercial terms. Board Committee membership, however, does not attract incremental fee payments.

Details of the remuneration of each Director are set out in the Remuneration Report on pages 13-17 and in Note 24 of the financial statements.

The structure and disclosure of the Company’s remuneration of Non-executive Directors is consistent with the ASX Principles.

Remuneration policy: Executive Directors, Chief executive Officer and Senior Executives

The fundamental objective of the Company’s Remuneration Policy is to foster and maintain behaviour that supports the sustained financial performance of the Group and to reward Executive and Management efforts which increase shareholder value.

The Company aims to reward Executive Directors, the Chief Executive Officer and other Senior Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company, and so as to:

- reward them for business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators;
- align their interests with those of shareholders;
- link their reward with the strategic goals and performance of the Company; and
- ensure their total remuneration is competitive by market standards.

Remuneration may consist of both fixed and variable remuneration components. In particular, remuneration packages may consist of any or all of the following:

- annual salary based on conditions and the relevant market - with provision to recognise the value of the individuals' personal performance and their ability and experience;
- ad hoc rewards, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- bonuses - a lump sum payment related to achieving target achievement of identified business drivers and personal key performance indicators (“KPI’s”) measured over a year;
- share participation – to the extent that any shareholder approved equity based incentive plans are in operation from time to time; and

Corporate Governance Statement

- other benefits such as holidays, sickness benefits, superannuation payments, long service benefits and motor vehicles.

These arrangements reflect contemporary remuneration practices and are consistent with the ASX Principles. Further details are set out in the Remuneration Report on pages 11-15 and in Note 24 of the financial statements.

A copy of the Company's Remuneration Policy is available on the Company's website.

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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 2012, 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 14 August 2012

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	Consolidated Group 2012 $ '000	Consolidated Group 2011 $ '000
Revenue	3	**22,680**	38,868
Other income	4	**1,267**	175
		23,947	39,043
Net gain arising from changes in fair value of grow out Kingfish, Mulloway and Tuna		**(6,798)**	(7,769)
Write down of biological assets		**(2,216)**	-
Changes in inventories of finished goods and work in progress		**733**	(961)
Employee benefits expense		**(9,252)**	(9,743)
Fish husbandry expense		**(11,194)**	(15,704)
Fish processing and selling expenses		**(7,201)**	(14,875)
Depreciation and amortisation expenses	5	**(3,200)**	(3,105)
Asset impairment	5	**(15,491)**	(322)
Other expenses		**(330)**	(1,550)
Total expenses excluding financing costs		**(54,949)**	(54,029)
Interest revenue		**273**	276
Financial expenses	5	**(21)**	(21)
Net profit/(loss) before income tax		**(30,750)**	(14,731)
Income tax (expense)/benefit	6	**-**	(17,630)
Net profit/(loss) attributable to members		**(30,750)**	(32,361)
Other comprehensive income		**-**	-
Total comprehensive income for the period		**(30,750)**	(32,361)
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	32	**(6.25)**	(7.39)
Diluted earnings per share (cents per share)	32	**(6.25)**	(7.39)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on pages 46 to 81.

Consolidated Statement of Financial Position

As at 30 June 2012

	Note	Consolidated Group 2012 $ '000	2011 $ '000
CURRENT ASSETS			
Cash and cash equivalents	7	**3,855**	7,481
Trade and other receivables	8	**1,218**	3,614
Prepayments	9	**384**	507
Processed inventory	10	**187**	627
Consumables inventory	11	**1,015**	1,257
Biological assets	12	**7,617**	16,631
Assets held for sale	13	**930**	-
TOTAL CURRENT ASSETS		**15,206**	30,117
NON-CURRENT ASSETS			
Property, plant and equipment	15	**22,551**	30,532
Biological assets	16	**2,823**	2,817
Other non-current assets	17	**3,042**	13,155
Intangible assets	18	**18,058**	15,273
TOTAL NON-CURRENT ASSETS		**46,474**	61,777
TOTAL ASSETS		**61,680**	91,894
CURRENT LIABILITIES			
Trade and other payables	19	**2,366**	3,250
Provisions	20	**624**	700
TOTAL CURRENT LIABILITIES		**2,990**	3,950
NON-CURRENT LIABILITIES			
Deferred grant income	21	**4,001**	4,050
Provisions	20	**149**	186
TOTAL NON-CURRENT LIABILITIES		**4,150**	4,236
TOTAL LIABILITIES		**7,140**	8,186
NET ASSETS		**54,540**	83,708
EQUITY			
Issued capital	22	**145,355**	143,838
Reserves	23	**1,039**	974
Retained earnings		**(91,854)**	(61,104)
TOTAL EQUITY		**54,540**	83,708

The consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 46 to 81.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

Consolidated Group	Note	Ordinary Shares $ '000	Share Option Reserve $ '000	Retained Earnings $ '000	Total $ '000
Balance at 1 July 2010		136,969	817	(28,743)	109,043
Total comprehensive income for the period		-	-	(32,361)	(32,361)
Cost of options issued during the period	**23**	-	157	-	157
Shares issued during the period		6,899	-	-	6,899
Cost of share issue		(30)	-	-	(30)
Balance at 30 June 2011		143,838	974	(61,104)	83,708
Total comprehensive income for the period		-	-	(30,750)	(30,750)
Cost of options issued during the period	**23**	-	65	-	65
Shares issued during the period	**22**	1,621	-	-	1,621
Cost of share issue	**22**	(104)	-	-	(104)
Balance at 30 June 2012		145,355	1,039	(91,854)	54,540

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 46 to 81.

Consolidated Statement of Cash Flows
For the year ended 30 June 2012

	Note	Consolidated Group 2012 $ '000	Consolidated Group 2011 $ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**25,615**	39,325
Receipts from grants		**169**	154
Payments to suppliers and employees		**(28,717)**	(40,980)
Interest received		**273**	276
Finance costs		**(21)**	(21)
Insurance receipt		**877**	-
CRC net receipts		**513**	-
Income taxes paid		**-**	-
NET CASH USED IN OPERATING ACTIVITIES	**31**	**(1,291)**	(1,246)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		**(1,684)**	(1,589)
Payment for Tuna development costs capitalised		**(2,196)**	(2,429)
Proceeds on disposal of non-current assets		**29**	73
NET CASH USED IN INVESTING ACTIVITIES		**(3,851)**	(3,945)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**1,621**	6,899
Payments for costs incurred in capital raising		**(105)**	(30)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**1,516**	6,869
Net change in cash held		**(3,626)**	1,678
Cash and cash equivalents at beginning of year		**7,481**	5,803
Cash and cash equivalents at end of the year	**7**	**3,855**	7,481

The consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 46 to 81.

Notes to the Financial Statements
For the year ended 30 June 2012

1 Summary of Accounting Policies

This financial report includes the consolidated financial statements and notes of Clean Seas Tuna Ltd and controlled entities.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authorative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Clean Seas Tuna Ltd is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial reports have been prepared on an accruals basis and are based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial reports were authorised for issue by the directors on 14 August 2012.

(a) Principles of Consolidation

A controlled entity is any entity over which Clean Seas Tuna Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

Details of the controlled entity is contained in Note 14 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-Group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination.

Intellectual property is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

1 Summary of Accounting Policies (continued)

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Clean Seas Tuna Ltd and its wholly owned Australian subsidiary have formed an income tax consolidated Group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The consolidated Group has notified the Australian Taxation Office that it has formed an income tax consolidated Group to apply from 1 July 2007. The tax consolidated Group will enter a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities are recognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

1 **Summary of Accounting Policies (continued)**

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their cost, less subsequent depreciation for buildings and any impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Historically some assets held by Clean Seas Aquaculture Growout Pty Ltd have been depreciated on a reducing balance method.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	**Depreciation Rates**	
	Straight line	**Reducing value**
Buildings	2.5%	-
Vessels	5.0 - 7.5%	11.3%
Cages and nets	10 - 25%	33.0%
Plant, equipment	13.0%	25.0%
Computers	30.0%	-
Motor Vehicles	15.0%	-

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements

For the year ended 30 June 2012

1 Summary of Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the consolidated Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

1 Summary of Accounting Policies (continued)

(e) Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs for the Tuna lifecycle closure project are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Intellectual Property

Intellectual property and intellectual property on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Intellectual property on acquisitions of subsidiaries is included in intangible assets. Intellectual property is tested annually for impairment and carried at cost less accumulated impairment losses.

(f) Impairment of Assets

At each reporting date, the consolidated Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intellectual property and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the consolidated Group is measured using the currency of the primary economic environment in which each entity operates. The consolidated financial statements are presented in Australian dollars which is the consolidated Group's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

1 Summary of Accounting Policies (continued)

(h) Employee Benefits

Provision is made for the consolidated Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The consolidated Group operates share based option schemes. The fair value of equity to which employees become entitled is measured at the grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(i) Provisions

Provisions are recognised when the consolidated Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(k) Revenue

Revenue is measured at fair value of the consideration received or receivable.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

All revenue is stated net of the amount of goods and services tax (GST).

Government Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of comprehensive income on a straight line basis over the expected lives of the related assets.

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 30 June 2012

1 Summary of Accounting Policies (continued)

(m) 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 Australian 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 net of GST basis, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

(n) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Rounding of Amounts

The consolidated Group has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the Financial Report and Directors' Report have been rounded to the nearest $1,000.

(p) Biological Assets

Biological assets include fish held for sale and broodstock. These are valued under AASB141.

In water fish held for sale are valued at their fair value less estimated point-of-sale costs based on an average sale value in the four weeks post balance date. Also taken into account is an estimate of the future selling prices and effect on biomass of the above average mortality being currently experienced. The biomass estimate has resulted in a write down in inventory value of $2.2 million. At 30 June 2012 the Company has 1,077,575 kilograms of fish in water held for sale valued at $7,617,340 (30 June 2011 : 1,814,345 kilograms valued at $16,630,559).

Broodstock is valued at fair value. The net cash flows from production of kingfish fingerlings is minimal. The southern bluefin tuna broodstock have yet to generate positive cash flows. The Directors have determined that currently, the cost of broodstock best approximates fair value. This is reviewed annually. Broodstock will be amortised over their effective breeding life commencing when sexual maturity is established. The death of a broodstock fish is not reflected as an impairment of the assets provided there are sufficient broodstock on hand to support the project objectives.

Currently insurance cover is not available at commercially acceptable rates for the broodstock fish and at-sea Kingfish inventory. The directors have chosen to proactively manage the risks as a preferred alternative.

(q) Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Types of products and services by segment For a full breakdown see Note 33

(i) *Finfish sales*

All finfish grow out and sales other than propagated Southern Bluefin Tuna. Currently the segment includes Kingfish, Mulloway and some wild caught Tuna. All fish produced are aggregated as one reportable segment as the fish are similar in nature, they are grown and distributed to similar types of customers and they are subject to a similar regulatory environment.

(ii) *Tuna operations*

Propagated Southern Bluefin Tuna operations are treated as a separate segment. All costs associated with the breeding, grow out and sales of SBT are aggregated into one reportable segment. This segment is still being developed with a view to commercialisation in future periods.

1 Summary of Accounting Policies (continued)

(r) Issued Capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(s) Inventory

Processed inventories comprise harvested fish that are held in a value added frozen format. The inventory is valued at the expected selling price less the estimated costs of the sale.

Feed stock inventory is valued at purchase price plus cost of delivery to site.

(t) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Key estimates

Impairment

The consolidated Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Refer note 18

The principle assets subject to impairment review are:

- Growout PIRSA leases and licenses (note 17)
- Southern Bluefin Tuna quota (note 17)
- Development costs (note 18)
- Intellectual property (note 18)
- Broodstock (note 16)

The key assumptions supporting value-in-use calculations include:

- the Southern Bluefin Tuna (SBT) project will be successfully commercialised.
- the SBT project will have positive cash flows from operations by 2017.
- the discount rates applied for net present value calculations are based on the 10 year Australian bond rate added to a discount rate applicable to the perceived risk of the operating unit.
- the death of a broodstock fish is not an impairment provided there are sufficient broodstock on hand to support the project objectives.

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 30 June 2012.

Other than the allowances for impairment shown in Note 15 and Note 17, the assets described above are not impaired at 30 June 2012.

1 Summary of Accounting Policies (continued)

(u) Going Concern Basis of Accounting

The financial report has been prepared on the basis of a going concern.

The financial report shows the Group incurred a before tax loss for the year ended 30 June 2012 of $30,750,000 (2011, $ 14,731,000) and cash used in operating activities of $1,291,000 (2011, $1,246,000). The Group is progressing with the closure of the Southern Bluefin Tuna (SBT) life cycle. The Group continues to remain economically dependent on raising additional funds to advance the SBT project. New strategies for that purpose include new third party investors and sale of surplus assets. The Group requires successful implementation of these initiatives for the business to continue as a going concern.

If support from financiers and / or equity raising do not eventuate, and / or profits generated do not increase, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(v) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by 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.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments (effective from 1 January 2013)

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

Notes to the Financial Statements

For the year ended 30 June 2012

1 Summary of Accounting Policies (continued)

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income s (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)

AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. The Group's management have yet to assess the impact of these amendments.

2 Financial Risk Management

The consolidated Group's activities expose it to a variety of financial risks; market risk, price risk, credit risk and cash flow and interest rate risk. The consolidated Group seeks to minimise potential adverse effects on financial performance.

The consolidated Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bills, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2011	2010
Financial Assets		**$ '000**	$ '000
Cash & cash equivalents	**7**	**3,855**	7,481
Held to maturity investments			
- Loans and receivables	**8**	**1,218**	3,614
Total financial assets		**5,073**	11,095
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	**19**	2,366	3,250
Total financial liabilities		**2,366**	3,250

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

(a) Risk Management

(i) Treasury Risk Management

The FARM Committee meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The FARM Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Notes to the Financial Statements
For the year ended 30 June 2012

2 **Financial Risk Management (continued)**

(ii) Financial Risk Exposures and Management

The main risks the consolidated Group are exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

At 30 June 2012 the consolidated Group is debt free. In the event borrowings are drawn down, interest rate risk is managed using floating rate debt. It is the policy of the consolidated Group to roll bills for periods between 90 and 180 days.

Foreign currency risk

The consolidated Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the consolidated Group's measurement currency.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian Dollars, was as follows:

		30 June 2012			30 June 2011	
	USD	**EUR**	**GBP**	USD	EUR	GBP
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Foreign Currency Bank Accounts	**-**	**7**	**-**	111	101	-
Trade Receivables	**9**	**373**	**20**	696	815	113
Trade Payables	**1**	**5**	**-**	7	39	5

Liquidity risk

The consolidated Group manages liquidity risk by continuously monitoring forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

In respect of the parent entity, credit risk also incorporates the exposure of Clean Seas Tuna Ltd to the liabilities of all members of the consolidated Group.

Credit risk is managed on a consolidated Group basis and reviewed regularly by the FARM Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The FARM Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and
- customers that do not meet the consolidated Group's strict credit policies may only purchase in cash or letter of credit.

The consolidated Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the consolidated Group.

2 **Financial Risk Management (continued)**

(ii) Financial Risk Exposures and Management (continued)

Price risk

The consolidated Group is exposed to commodity price risk through fish pellet feed. The major components of the feed are fish oil and fish meal. The consolidated Group has entered into a three year agreement with the Group's major suppliers of fish feed that only allows price changes on a three monthly basis, based on the movements in price of the components of the fish feed.

The consolidated Group is exposed to fish sale price risk. The price of fish is affected by competition with other aquaculture bred fish and wild catch fish. The product is also substituted by consumers with meat and poultry. Movements in the price of any of these commodities will impact the price of the fish. The consolidated Group minimises this risk by delivering quality product and targeting the markets the fish are sold in to ensure a premium return.

(b) Financial Instruments

(i) Derivative Financial Instruments

The company currently does not enter into derivative financial contracts.

(ii) Financial instrument composition and maturity analysis

Financial Liability and Financial Asset Maturity Analysis

Consolidated Group	**Within 1 year**		**1 to 5 years**		**Consolidated Group**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities due for payment						
Bills of exchange	**-**	-	**-**	-	**-**	-
Trade and other payables	**2,366**	3,250	**-**	-	**2,366**	3,250
Total expected outflows	**2,366**	3,250	**-**	-	**2,366**	3,250
Financial assets - cash flows						
Cash and cash equivalents	**3,855**	7,481	**-**	-	**3,855**	7,481
Trade receivables	**1,218**	3,614	**-**	-	**1,218**	3,614
Total anticipated inflows	**5,073**	11,095	**-**	-	**5,073**	11,095
Net (outflow)/inflow on financial	**2,707**	7,845	**-**	-	**2,707**	7,845

Trade and sundry payables are expected to be paid as follows:

	Consolidated Group	
	2012	2011
	$ '000	$ '000
Less than 6 months	**2,366**	3,250
6 months to one year	**-**	-
	2,366	3,250

2 Financial Risk Management (continued)

(iii) Net fair values
The net values of assets and other liabilities approximate their fair carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

(iv) Sensitivity analysis
Foreign Currency Risk and Price Risk

The consolidated Group has performed a sensitivity analysis relating to its exposure to foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

The risk elements are not isolated effects and any impact may be collective.

Foreign Currency Risk Sensitivity Analysis
At 30 June 2012 the effect on profit and equity as a result of changes in the value of the Australian Dollar to the United States Dollar, with all other variables remaining constant is as follows:

	Consolidated Group	
	2012	2011
	$ '000	$ '000
Change in profit/(loss)		
Increase in AUD to USD by 5%	**(301)**	(689)
Decrease in AUD to USD rate by 5%	**301**	689
Change in equity		
Increase in AUD to USD by 5%	**(301)**	(689)
Decrease in AUD to USD rate by 5%	**301**	689

The basis of inventory valuation is the current and future selling price of the biomass held. Sales are denominated in currencies other than the Australian dollar so changes in the exchange rate have a direct impact on the valuation of inventory at year end. This analysis assesses the impact a 5% change in exchange rates would have on June 2012 profitability from inventory valuation changes.

(iv) Sensitivity analysis (continued)
Fish Price Risk Sensitivity Analysis
At 30 June 2012, the effect on profit and equity as a result of changes in the sale price of fish, with all other variables remaining constant is as follows:

	Consolidated Group	
	2012	2011
	$ '000	$ '000
Change in profit/(loss)		
Increase in fish price by 5%	**515**	1,136
Decrease in fish price by 5%	**(515)**	(1,136)
Change in equity		
Increase in fish price by 5%	**515**	1,136
Decrease in fish price by 5%	**(515)**	(1,136)

Changes in the fish prices have a direct impact on the valuation of inventory at year end. This analysis assesses the impact a 5% change in fish price would have on 30 June 2012 profitability from inventory valuation changes.

2 Financial Risk Management (continued)

Feed Price Risk Sensitivity Analysis

At 30 June 2012, the effect on profit and equity as a result of changes in the value of fish feed, with all other variables remaining constant is as follows:

	Consolidated Group	
	2012	2011
	$ '000	$ '000
Change in profit/(loss)		
Increase in feed price by 5%	**(303)**	(476)
Decrease in feed price by 5%	**303**	476
Change in equity		
Increase in feed price by 5%	**(303)**	(476)
Decrease in feed price by 5%	**303**	476

The above interest rate, foreign exchange rate and price sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(v) Insurance risk

The company's policy is to insure all risks where cover is available and assessment provides commercial prudency in doing so.

Insurance premiums for broodstock and commercial biomass has continually indicated that premium costs are excessive against industry and company risks. Accordingly, the Company has chosen not to cover and maintains a continual evaluation of the risks, both collective and for individual biomass groups, in conjunction with its' insurers.

Notes to the Financial Statements
For the year ended 30 June 2012

3 Revenue

	Consolidated Group	
	2012	2011
From continuing operations	**$ '000**	$ '000
Sales revenue		
Sale of fingerlings	**-**	239
Sale of finfish	**20,078**	33,113
Sale of value added fish	**2,316**	5,365
	22,394	38,717
Other revenue		
Other	**286**	151
	286	151
Total Revenue	**22,680**	38,868

4 Other Income

	Consolidated Group	
	2012	2011
	$ '000	$ '000
Gain/(loss) on disposal of property, plant and equipment	**(124)**	(6)
Administration fee	**11**	56
Insurance proceeds	**1,106**	-
Grant income (Note (a))	**274**	125
	1,267	175

(a) Government grants

Clean Seas has the funding support of $4.15 million via an Ausindustry Commercial Ready Grant for the SBT Lifecycle project. Refer to note 1(k) for accounting treatment and the recognition of grant income. The grant funding finished in February 2009.

5 Expenses

	Consolidated Group	
	2012	2011
	$ '000	$ '000
Profit/(loss) before income tax includes the following specific expenses		
Depreciation expenses		
Buildings and dams	**798**	679
Plant and equipment	**2,304**	2,327
Motor vehicles	**98**	99
	3,200	3,105
Impairment costs		
Plant and equipment	**3,528**	322
Growout leases and licences	**10,000**	-
Marina leases	**2,000**	-
Southern Bluefin Tuna quota	**113**	-
Write back feed provision June 2011	**(150)**	-
	15,491	322
Finance costs		
Interest paid/payable	**21**	21
	21	21
Rental expense on operating leases		
Building lease payments	**62**	62
	62	62

6 Income Tax Expense

	Consolidated Group	
	2012	2011
	$ '000	$ '000
(a) Income tax expense		
Current tax	**-**	-
Deferred tax	**-**	17,630
Under/(over) provision in prior years	**-**	-
	-	17,630

(b) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

	2012	2011
Profit/(loss) from continuing operations before income tax expense	**(30,750)**	(14,731)
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2011 - 30%)	**(9,225)**	(4,419)
Add tax effect of:		
- Entertainment expense	**4**	7
- Employee option expense	**20**	47
- Legal expense	**-**	-
- Foreign exchange provision	**-**	-
	(9,201)	(4,365)
Less tax effect of:		
- R&D Concession	**-**	(1,425)
- Current year tax losses not taken as a benefit	**9,201**	5,790
- Reversal of prior years tax losses	**-**	17,630
- Under/(over) provision in prior years	**-**	-
Income tax expense/(benefit)	**-**	17,630
The applicable weighted average effective tax rates are as follows:	**0%**	-120%

The change in the weighted average effective consolidated tax rate for 2012 is the result of tax allowances on development expenditure offset with the reversal of tax losses being carried forward.

Due to the uncertainty at which prior year tax losses will be realised the tax losses are no longer be carried as an asset and prior year losses have been written back to the tax expense for the period ended 30 June 2011. Carried forward tax losses as at 30 June 2012 were $88.822 million not including any capital losses (30 June 2011 $88.645 million).

7 Current Assets - Cash & Cash Equivalents

	Consolidated Group	
	2012	2011
	$'000	$'000
Cash at bank and in hand	**1,118**	681
Deposits at call	**2,737**	6,800
	3,855	7,481

8 Current Assets - Trade and Other Receivables

	Consolidated Group	
	2012	2011
	$'000	$'000
Trade receivables	**1,144**	3,355
Provision for impairment	**(20)**	(20)
	1,124	3,335
Related party receivables	**6**	12
Other receivables	**88**	267
	1,218	3,614

As at 30 June 2012 there was no impairment of trade receivables.

(b) Past due but not impaired

As of 30 June 2012, trade receivables of $104,787 (2011 - $343,519) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated Group	
	2012	2011
	$'000	$'000
Up to 3 months	**98**	310
4 to 6 months	**6**	34
	104	344

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The consolidated Group does not hold any collateral in relation to these receivables.

(c) Other receivables

These amounts generally arise from transactions outside the operating activities of the consolidated Group. Interest is not normally charged. Interest charged for 2012 - nil (2011 - nil).

(d) Foreign exchange and interest rate risk

Information about the consolidated Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 2.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The consolidated Group has no significant concentration of credit risk with respect to any single counter party or Group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the consolidated Group.

9 Current Assets - Prepayments

	Consolidated Group	
	2012	2011
	$'000	$'000
Prepayments	**384**	507
	384	507

10 Current Assets - Processed Inventory

	Consolidated Group	
	2012	2011
	$'000	$'000
Frozen fish inventory	**187**	627
	187	627

11 Current Assets - Consumables Inventory

	Consolidated Group	
	2012	2011
	$'000	$'000
Pellet feed	**1,015**	1,245
Packaging	**-**	12
	1,015	1,257

12 Current Assets - Biological Assets

	Consolidated Group	
	2012	2011
	$'000	$'000
Current Asset - Fish held for sale		
Carrying amount at beginning of period	**16,631**	24,400
Value of fish inventory purchased	**-**	-
Gain arising from physical changes at fair value less estimated point of sale costs	**4,297**	13,995
Write down value of biological assets	**(2,216)**	-
Decreases due to harvest for sale	**(10,362)**	(19,992)
Decreases due to harvest for fish inventory	**(733)**	(1,772)
Carrying amount at end of period	**7,617**	16,631

(i) Valuation of Biological Assets

The accounting principals used for the valuation of Biological Assets are explained in Note 1: Significant Accounting Policies.

(ii) Assumptions Used For Determining Fair Value of Live Fish

The estimated value of biomass will always be based on uncertain assumptions, even though the company has built substantial expertise in assessing these factors. Estimates are applied to the following factors: biomass volume, quality of biomass, size distribution and market prices.

Biomass Volume: The biomass volume is an estimate based on the number of fish recorded in each cage and weight sampling tests taken at least bi-monthly. The number of fish recorded in each cage is based on the number of fish put to sea adjusted periodically for physical counts, mortality counts and harvest counts.

Biomass Quality: The quality of the biomass can be difficult to assess prior to harvest. For fish classified as being second grade a value based on the alternative market for the fish will be used in calculating the value of the fish.

Size Distribution: Fish at sea can grow at different rates and even in the situation with good estimates for the average weight of the fish there can be considerable spread in the quality and weight of the fish. When estimating the biomass value a normal distribution of size is applied.

Market price: The market price assumption is very important for the valuation and even small changes in the market price will give significant changes in the valuation. If it is assumed that all fish held as at 30 June 2012 were of harvest size, a change of $1.00 per kg in selling price for whole fish would result in a change in valuation of $1.1 million.

Notes to the Financial Statements
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13 Assets Held for Sale

	Consolidated Group 2012 $'000	2011 $'000
Vessel held for sale	**930**	-
	930	-

In June 2012 a contract for sale of the Bella Isha was signed. Settlement has taken place in August 2012. Other surplus assets have been identified for sale in calendar year 2013 to assist in working capital if required.

14 Controlled Entity
(a) Controlled Entity Consolidated

	Country of Incorporation	Percentage Owned (%) 2012	2011
Clean Seas Aquaculture Growout Pty Ltd	Aust	**100**	100

(b) Acquisition of Controlled Entity

On 27 November 2007 the parent entity acquired 100% of Clean Seas Aquaculture Growout Pty Ltd with Clean Seas Tuna Ltd entitled to all profits earned from 1 November 2007 for a purchase consideration of $12 million.

15 Non-Current Assets - Property, Plant and Equipment

Consolidated Group	Marina Lease $'000	Dams & fishponds $'000	Land & buildings $'000	Plant & equipment $'000	Total $'000
Year ended 30 June 2011					
Opening net book amount	2,000	-	15,117	15,543	32,660
Additions	-	-	638	739	1,377
Disposals	-	-	-	(77)	(77)
Depreciation charge	-	-	(679)	(2,426)	(3,105)
Impairment cost	-	-	-	(323)	(323)
Closing net book amount	2,000	-	15,076	13,456	30,532
At 30 June 2011					
Cost	2,000	364	17,649	23,202	43,215
Accumulated depreciation	-	(364)	(2,573)	(9,746)	(12,683)
Net book amount	2,000	-	15,076	13,456	30,532
Year ended 30 June 2012					
Opening net book amount	2,000	-	15,076	13,456	30,532
Additions	-	-	293	1,757	2,050
Disposals	-	-	(228)	(145)	(373)
To asset held for sale	-	-	-	(930)	(930)
Depreciation charge	-	-	(798)	(2,402)	(3,200)
Impairment cost	(2,000)	-	-	(3,528)	(5,528)
Closing net book amount	-	-	14,343	8,208	22,551
At 30 June 2012					
Cost	2,000	364	18,075	23,913	44,352
Accumulated depreciation	(2,000)	(364)	(3,732)	(15,705)	(21,801)
Net book amount	-	-	14,343	8,208	22,551

An impairment charge has been calculated on assets held.

- Expected lower Kingfish volumes into the future has resulted in excess infrastructure being held. An impairment charge has accordingly been applied to related marina lease and plant and equipment infrastructure to reflect the lower future cash flows from Kingfish.

Notes to the Financial Statements
For the year ended 30 June 2012

16 Non-Current Assets - Biological Assets

	Consolidated Group 2012 $'000	Consolidated Group 2011 $'000
Fin fish broodstock at cost	**2,823**	2,817
Accumulated amortisation and impairment	**-**	-
	2,823	2,817

17 Non-Current Assets - Other

Consolidated Group	Southern Bluefin Quota	PIRSA Leases & Licences	Total
Year ended 30 June 2011	$'000	$'000	$'000
Opening net book amount	352	12,803	13,155
Impairment cost	-	-	-
Closing net book amount	352	12,803	13,155
Year ended 30 June 2012	**$'000**	**$'000**	**$'000**
Opening net book amount	**352**	**12,803**	**13,155**
Impairment cost	**(113)**	**(10,000)**	**(10,113)**
Closing net book amount	**239**	**2,803**	**3,042**

An impairment charge has been calculated on assets held.

- Southern Bluefin Tuna quota has been revalued at market price.
- Expected lower Kingfish volumes into the future has resulted in excess infrastructure being held. An impairment charge has accordingly been applied to related PIRSA leases and licences to reflect the lower future cash flows from Kingfish.

18 Non-Current Assets - Intangible Assets

Consolidated Group	Develop-ment Costs $'000	Intellectual Property $'000	Total $'000
Year ended 30 June 2011			
Opening net book amount	7,899	4,945	12,844
Additions	2,429	-	2,429
Accumulated amortisation & impairment	-	-	-
Net book amount	10,328	4,945	15,273
Year ended 30 June 2012			
Opening net book amount	**10,328**	**4,945**	**15,273**
Additions	**2,785**	**-**	**2,785**
Accumulated amortisation & impairment	**-**	**-**	**-**
Net book amount	**13,113**	**4,945**	**18,058**
At 30 June 2012			
Cost	**13,113**	**4,945**	**18,058**
Accumulated amortisation & impairment	**-**	**-**	**-**
Net book amount	**13,113**	**4,945**	**18,058**

18 Non-Current Assets - Intangible Assets (continued)

Impairment Testing

The Group tests intangible assets biannually for impairment, or more frequently if there are indications that the assets are impaired. The biannual impairment test is performed at year-end. Clean Seas Tuna Ltd has substantial assets with indefinite lives in the form of licenses. The licenses are subject to impairment testing in combination with intellectual property in the annual test. Clean Seas Tuna Ltd has identified two operating units, Fin fish and Tuna as its' cash generating units.

The procedure of impairment testing

Impairment testing is carried out by calculating the net present value of estimated future cash flows (value in use) for the cash generating unit in line with AASB 136 and comparing the net present value of the cash flow towards the carrying amount of net assets held by the cash generating unit (CGU). If the carrying amount is higher than the calculated value in use, a write-down to the calculated value in use is made.

The estimated cash flows are based on the assumption of continued operation as part of Clean Seas Tuna Ltd. The basis for the estimated cash flows are the confirmed budgets for 2012 and the strategic plan for the following 9 years. The strategic plans have been reviewed and the targets approved by the board. Growth is set independently for each cash generating unit based on the expected growth potential, capacity etc. A period greater than five years has been used as the directors believe that due to the length of the fish commercial lifecycle and period required to grow a commercial biomass the 10 year period is more reflective of the normal period of operations.

Indications of impairment

The strategies for farming Kingfish will result in lower biomass being held than was the situation in the past. The lower cash flows derived from these strategies do not support the valuations of assets directly related to farming Kingfish. Accordingly charges for impairment of valuations for a marina ($2 million) and the value of water leases ($10 million) have been taken to account for the 2012 financial year.

At year-end 2012 there were no further indications that the Group's assets on consolidated level should be impaired. The impairment testing at year-end did not result in identification of any further impairment losses.

Key assumptions of the impairment test at year-end 2012

The key assumptions used in the calculation of value in use are harvest volume, EBITDA and discount rates.

Harvest volume: Harvested volume is based on the current stocking plans for each unit and forecasted figures for growth and mortality.

EBITDA/Margins: In the strategic plan process, prices and all cost elements were forecasted to arrive at the profit figures EBIT and EBITDA. For fin fish, It is expected that the profit figures in the upcoming ten year period will exceed the historic average due to decreasing costs of production, increasing selling price and changing to a demand driven production strategy. Committed operational efficiency programs are taken into consideration in the calculations. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

18 Non-Current Assets - Intangible Assets (continued)

Assumptions Used

Discount rate: The discount rates are based on the 10 year Australian bond rate added to a discount rate applicable to the perceived risk of the operating unit.

Growth rate: Growth rates have been extrapolated from actual growth achieved in the wild catch and grow commercial industry in Australia and overseas.

Feed prices: Feed prices have been based on discussions with feed companies using agreed formulas.

Sales prices: Sales prices used are based on current prices being achieved in the wild catch and grow industry and expected future movements as viewed by the Tuna industry.

19 Current Liabilities - Trade and Other Payables

	Consolidated Group	
	2012	2011
	$'000	$'000
Trade payables	**1,249**	2,116
Related party payables	**83**	181
Other payables	**1,034**	953
	2,366	3,250

20 Provisions

	Annual Leave $'000	Long Service Leave $'000	Total $'000
Opening balance at 1 July 2010	508	316	824
Additional provisions raised during the year	476	118	594
Amounts used during the year	(490)	(42)	(532)
Balance at 30 June 2011	494	392	886
Opening balance at 1 July 2011	**494**	**392**	**886**
Additional provisions raised during the year	**440**	**100**	**540**
Amounts used during the year	**(516)**	**(137)**	**(653)**
Balance at 30 June 2012	**418**	**355**	**773**
Current Employee Benefit	**418**	**206**	**624**
Non-Current Employee Benefit	**-**	**149**	**149**

21 Current Liabilities - Deferred Grant Income

	Consolidated Group	
	2012	2011
	$'000	$'000
Deferred grant income	**4,001**	4,050
	4,001	4,050

(a) Grant income

Grant income is paid in advance based on budgeted expenditure. Grant income is matched with actual expenditure. Residual income is shown as deferred income.

22 Issued Capital

(a) Ordinary shares	2012 Shares	2011 Shares
Opening balance	**480,829,414**	418,112,534
Share placement	**-**	62,716,880
Share purchase plan	**20,268,750**	-
Total issued ordinary shares	**501,098,164**	480,829,414

(b) Movements in Ordinary Issued Capital

Date	Details	Number of shares	Issue price	$'000
1-Jul-10	Opening balance	418,112,534		136,969
8-Mar-11	Share placement	62,716,880	0.11	6,899
	Less : Transaction costs arising on shares issued.			(30)
30-Jun-11	Closing balance	480,829,414		143,838
1-Jul-11	Opening Balance	480,829,414		143,838
9-Dec-11	Share purchase plan	20,268,750	0.08	1,621
	Less: Transaction costs arising on shares issued.			(104)
30-Jun-12	Closing Balance	501,098,164		145,355

On the 2nd of November 2011 the company announced a share purchase plan. 20,268,750 shares were issued on 9th of December 2011 at $0.08 per share, raising $1.6 million.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of a winding up of Clean Seas Tuna Limited, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

(d) Capital management

Management controls the capital of the consolidated Group in order to maintain a financially prudent debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated Group can fund its operations and continue as a going concern.

The consolidated Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the consolidated Group's capital by assessing the consolidated Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

22 Issued Capital (continued)

There have been no changes to the strategy adopted by management to control the capital of the consolidated Group since the prior year. This strategy is to ensure the consolidated Group's gearing ratio remains below 50%. The gearing ratio's for the year ended 30 June 2012 and 30 June 2011 are as follows:

		Consolidated Group	
		2012	2011
		$'000	$'000
Total borrowings	**7**	**-**	-
Less cash and cash equivalents		**(3,855)**	(7,481)
Net debt		**(3,855)**	(7,481)
Total equity		**54,540**	83,708
Total capital		**50,685**	76,227
Gearing ratio		**0%**	0%

23 Reserves

	Consolidated Group	
	2012	2011
	$'000	$'000
Share option reserve		
Balance 1 July	**974**	817
Share option expense	**65**	157
Balance 30 June	**1,039**	974

(a) Share option reserve
The share option reserve is used to recognise the fair value of options issued but not exercised.

24 Director and Key Management Personnel Compensation

(a) Names and positions held are:

Director:	**Position**	**Period with the Group**	
Mr. Clifford Ashby	Managing director - retired	20/04/2009	17/04/2012
Mr. Nick Burrows	Non-executive director	18/04/2012	30/06/2012
Mr. John Ellice-Flint	Chairman - non executive - retired	1/12/2009	31/05/2012
Mr. Peter Housden	Non-executive director - retired	14/12/2010	15/11/2011
Mr. Paul Robinson	Non-executive director	9/12/2005	30/06/2012
Mr Paul Steere	Chairman - non executive	20/05/2010	30/06/2012
Mr. Hagen Stehr AO	Non-executive director	5/09/2000	30/06/2012
Mr. Marcus Stehr	Executive director - retired	5/09/2000	31/03/2012
Mr. Marcus Stehr	Non-executive director	1/04/2012	30/06/2012
Key Management Personnel:			
Dr. Craig Foster	Chief Executive Officer	16/01/2012	30/06/2012
Mr. Morten Deichmann	General Manager Hatcheries	6/05/2004	30/06/2012
Mr. Frank Knight	Company Secretary & CFO	23/08/2007	30/06/2012
Mr. Terry Smith	Marine Production Manager	17/02/2012	30/06/2012
Mr. Michael Thomson	R & D Manager	21/04/2008	30/06/2012

Director and Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Options Holdings

Number of options held by directors and key management personnel

Directors:	**Balance 1.7.2011**	**Granted as compensa-tion**	**Options exercised**	**Options expired**
M Stehr	300,000	-	-	-
Key Management Personnel:				
F Knight	100,000	-	-	100,000
Total	400,000	-	-	100,000

Number of options held by directors and key management personnel

Directors:	**Balance 30.6.2012**	**Total Vested 30.6.2012**	**Total Exer-cisable 30.6.2012**	**Total Unexer-cisable 30.6.2012**
M Stehr	300,000	300,000	-	300,000
Total	300,000	300,000	-	300,000
Key Management Personnel:				
F Knight	-	-	-	-
Total	300,000	300,000	-	300,000

24 Director and Key Management Personnel remuneration (Continued)
(b) Options Holdings (continued)

Number of options held by directors and key management personnel

Directors:	Balance 1.7.2010	Granted as compensa-tion	Options exercised	Options expired
T O'Regan	50,000	-	-	50,000
P Robinson	50,000	-	-	50,000
H Stehr	100,000	-	-	100,000
M Stehr	900,000	-	-	600,000
Key Management Personnel:				
M Deichmann	100,000	-	-	100,000
F Knight	100,000	-	-	-
Total	1,300,000	-	-	900,000

Number of options held by directors and key management personnel

Directors:	Balance 30.6.2011	Total Vested 30.6.2011	Total Exer-cisable 30.6.2011	Total Unexer-cisable 30.6.2011
M Stehr	300,000	-	-	300,000
Key Management Personnel:				
F Knight	100,000	100,000	100,000	-
Total	400,000	100,000	100,000	300,000

(c) Shareholdings
Number of shares held by directors and key management personnel

2012 Financial Year Directors:	Balance 1.7.2011 ('000)	Received as compensa-tion ('000)	Options Exercised ('000)	Net Change Other ('000)	Balance 30.6.2012 ('000)
J Ellice-Flint	1,060	-	-	(1,060)	-
P Robinson	258	-	-	125	383
H Stehr	95,775	-	-	374	96,149
M Stehr	353	-	-	-	353
Key Management Personnel:					-
Total	97,446	-	-	(561)	96,885

2011 Financial Year Directors:	Balance 1.7.2010 ('000)	Received as compensa-tion ('000)	Options Exercised ('000)	Net Change Other ('000)	Balance 30.6.2011 ('000)
J Ellice-Flint	1,060	-	-	-	1,060
P Robinson	258	-	-	-	258
H Stehr	95,775	-	-	-	95,775
M Stehr	353	-	-	-	353
Key Management Personnel:					
Total	97,446	-	-	-	97,446

25 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditors:

	Consolidated	
	2012	2011
	$'000	$'000
(a) Assurance services		
1. Audit services		
Grant Thornton		
Audit and review of financial reports	**104**	86
2. Other assurance services		
Grant Thornton		
Taxation consulting services	**3**	4
Taxation compliance services	**10**	16
Total remuneration for audit services	**117**	106

26 Contingent liabilities

(i) Clean Seas entered into a Commercial Ready Grant Agreement with the Commonwealth of Australia. The funding has conditions that if not met could result in the requirement to refund the funding up to the amount of $4.2 million.

27 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated	
	2012	2011
	$'000	$'000
Property, plant and equipment		
Payable :		
Within one year		
Robot Net Cleaner	**-**	230
Nets	**-**	89
Oxygen dissolver units	**-**	158
AQTV Pro Camera Systems	**-**	60
Telemetry Monitoring System	**-**	108
	-	645

	Consolidated	
	2012	2011
	$'000	$'000
(b) Seafood CRC commitment		
Payable :		
Within one year	**625**	625
Later than one year but not later than five years	**625**	1,250
Later than five years	**-**	-
	1,250	1,875

In August 2007 the company signed an agreement to become a core participant in the national Seafood Cooperative Research Centre. This agreement gives the company access to research funding being provided by the CRC. The CRC will make $11.1 million available for the first three years. In July 2010 the Company exercised the option to participate for a further four years. The CRC will make a further $14.8 million available for the next four years.

Notes to the Financial Statements

For the year ended 30 June 2012

27 Commitments (continued)

This original agreement committed the company to provide $1.875 million cash contribution to finfish and Tuna research over the first three years. The July 2010 agreement commits the Company to contribute a further $2.5 million cash in the subsequent four years.

The company will provide an in-kind contribution in the form of staff and infrastructure for the research work. The agreement requires this to be $5.475 million over the first three years and $7.3 million for the subsequent four years.

28 Related Party Transactions

(a) Major Shareholder

The term Stehr Group in these accounts is a collective reference to a number of private companies in the Santa Anna Tuna Fisheries Pty Ltd group. These companies are Stehr Group Pty Ltd and Australian Tuna Fisheries Pty Ltd.

The major shareholder is Australian Tuna Fisheries Pty Ltd (ATF). ATF and associated companies controlled 2012 19.1% (2011 19.9%) of the issued ordinary shares of Clean Seas Tuna Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in note 14

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in the Remuneration Report of the Directors' Report.

(d) Transactions with related parties

The following transactions occurred with related parties:
All related party transactions are negotiated on a commercial arms length basis.

	Consolidated Group	
	2012	2011
	$'000	$'000
Sales of goods and services		
Australian Tuna Fisheries Pty Ltd	**66**	1,602
Being for Contract Labour, Quota leases, Fish Purchases, Boat Hire and Employee Provisions on acquiring staff		
Purchase of goods and services		
Australian Tuna Fisheries Pty Ltd	**785**	1,527
Being for Bait purchases, Export Processing, Contract Labour, Plant Hire, Boat Hire, Towing Expenses, Plant Purchases, Tuna Broodstock Purchase, Marina Expenses, Contract Diving, Packaging, Rent of Netshed		
Stehr Group Pty Ltd	**106**	115
Being for Office Rent, Directors Fees to Mr H Stehr		
PSMMR Pty Ltd		
Provision of consulting services	**52**	76
Shanelsa Pty Ltd		
Provision of consulting services	**20**	-
Nick Burrows		
Provision of consulting services	**33**	-
Sanchez Tuna Pty Ltd		
Provision of consulting services	**23**	-

28 Related Party Transactions (continued)

(e) Outstanding balances

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

	Consolidated Group	
	2012	2011
	$'000	$'000
Current receivables		
Australian Tuna Fisheries Pty Ltd	**6**	12
Current payables (purchase of goods & services)		
Australian Tuna Fisheries Pty Ltd	**80**	161
Stehr Group Pty Ltd	**-**	20
PSMMR	**3**	-

29 Share Based Payments

The following share based payment arrangements existed at 30 June 2012.

In October 2005 an employee share option plan was established under the following terms and conditions. This plan is no longer available to employees.

The plan allowed eligible employees to be offered options to purchase ordinary shares in the company. The exercise price is not less than the average selling price in the 5 trading days prior to the board resolving to offer an option. The options vest at issue and the expiry date is five years from the issue date. The options hold no voting or dividend rights and are generally not transferable.

During the 2012 financial year no options were issued.

	2012		**2011**	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	550,000	1.98	1,600,000	1.68
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(250,000)	0.75	(1,050,000)	1.52
Outstanding at year end	300,000	3.00	550,000	1.98
Exercisable at year end	-	-	250,000	0.75

The options outstanding at 30 June 2012 had a weighted exercise price of $3.00 (2011, $1.98) and a weighted average contractual life of 0.60 years (2011, 1.15 years). Exercise price is $3.00 in respect of options outstanding at 30 June 2012.

Included under employee benefits expense in the statement of comprehensive income is $65,382 (2011, $156,322), and relates in full to equity-settled share based payment transactions.

30 Events Occurring After Balance Sheet Date

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of Clean Seas Tuna, to affect significantly the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group, in future financial years.

31 Reconciliation of Profit/(Loss) After Income Tax to Net Cash Inflow From Operating Activities

	Consolidated Group	
	2012	2011
	$'000	$'000
Profit/(loss) for the year	**(30,750)**	(32,361)
Cash flows excluded from profit attributable to operating activities :		
Non-cash flows in profit/(loss)		
Depreciation and amortisation	**3,200**	3,105
Asset impairment	**15,491**	-
Share based payments	**65**	157
Foreign currency revaluation	**-**	-
Loss on sale on non-current assets	**124**	6
Loss in fair value of biological assets	**9,014**	8,313
Change in operating assets and liabilities:		
Decrease/(Increase) in trade receivables	**2,211**	162
Decrease/(Increase) in other receivables	**185**	17
Decrease/(Increase) in prepayments	**123**	(145)
Decrease/(Increase) in processed inventory	**440**	4,599
Decrease/(Increase) in feed inventory	**242**	80
Decrease/(Increase) in future income tax benefit	**-**	17,630
(Decrease)/Increase in trade creditors	**(1,457)**	(1,707)
(Decrease)/Increase in other creditors	**(17)**	(1,117)
(Decrease)/Increase in provisions	**(113)**	63
(Decrease)/Increase in deferred grant income	**(49)**	(48)
Net cash inflow from operating activities	**(1,291)**	(1,246)

32 Earnings Per Share

	Consolidated Group	
	2012	2011
(a) Basic earnings per share (cents/share)		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company	**(6.25)**	**(7.39)**
(b) Diluted earnings per share (cents/share)		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company	**(6.25)**	**(7.39)**

Notes to the Financial Statements

For the year ended 30 June 2012

32 Earnings Per Share (continued)

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated Group	
	2012	2011
	$ '000	$ '000
Basic earnings per share		
Profit/(loss) from continuing operations	**(30,750)**	(32,361)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(30,750)**	(32,361)
Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(30,750)**	(32,361)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**(30,750)**	(32,361)

(d) Weighted average number of ordinary shares used as the denominator

	Consolidated Group	
	2012	2011
Number for basic earnings per share	**492,126,744**	438,044,474
Effect of potential ordinary shares	**414,754**	1,154,110
Number for diluted earnings per share	**492,541,498**	439,198,584

(e) Information concerning the classification of securities

(i) Options

Options granted under the Employee and Officers' option plan are considered to be potential ordinary shares and have been included in the determination of the diluted earnings per share to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share.

(f) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the consolidated group by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

33 Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Types of products and services by segment

(i) *Finfish sales*

All finfish grow out and sales other than propagated Southern Bluefin Tuna. Currently the segment includes Kingfish, Mulloway and some wild caught Tuna. All fish produced are aggregated as one reportable segment as the fish are similar in nature, they are grown and distributed to similar types of customers and they are subject to a similar regulatory environment.

(ii) *Tuna operations*

Propagated Southern Bluefin Tuna operations are treated as a separate segment. All costs associated with the breeding, grow out and sales of SBT are aggregated into one reportable segment. This segment is still being developed with a view to commercialisation in future periods.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Corporate charges are allocated to reporting segments based on the segments overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- derivatives;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets.

33 Operating Segments (continued)

(i) Segment performance

	Finfish $ '000	Tuna $ '000	Total $ '000
Twelve months ended 30 June 2012			
Revenue			
Sales	22,680	-	22,680
Other income	1,267	-	1,267
Total segment revenue	23,947	-	23,947
Reconciliation of segment revenue to Group revenue			
Inter-segment elimination	-	-	-
Total Group revenue	23,947	-	23,947
Segment result	(12,311)	-	(12,311)
Reconciliation of segment result to Group net profit/(loss) before tax			
Amounts not included in segment result but reviewed by the board			
• depreciation and amortisation	(2,611)	(589)	(3,200)
• impairment	(15,491)	-	(15,491)
Unallocated items			
• finance			252
Net profit/(loss) before tax from continuing operations			(30,750)

	Finfish $ '000	Tuna $ '000	Total $ '000
Twelve months ended 30 June 2011			
Revenue			
Sales	38,868	-	38,868
Other income	175	-	175
Total segment revenue	39,043	-	39,043
Reconciliation of segment revenue to Group revenue			
Inter-segment elimination	-	-	-
Total Group revenue	39,043	-	39,043
Segment result	(11,881)	-	(11,881)
Reconciliation of segment result to Group net profit/(loss) before tax			
Amounts not included in segment result but reviewed by the board			
• depreciation and amortisation	(2,634)	(471)	(3,105)
Unallocated items			
• finance			255
Net profit/(loss) before tax from continuing operations			(14,731)

(ii) Segment assets

	Finfish $ '000	Tuna $ '000	Total $ '000
Twelve months ended 30 June 2012			
Segment Assets	29,702	27,033	56,735
Segment asset increases for the period			
• intangible asset - Tuna propagation costs capitalised	-	2,785	2,785
• capital expenditure	221	79	300
	221	2,864	3,085
Reconciliation of segment assets to Group assets			
Unallocated assets			
• intangible assets			4,945
• deferred tax assets			-
Total Group assets from continuing operations			61,680

33 Operating Segments (continued)

(ii) Segment assets (continued)

Twelve months ended 30 June 2011	**Finfish $ '000**	**Tuna $ '000**	**Total $ '000**
Segment Assets	62,062	24,887	86,949
Segment asset increases for the period			
• intangible asset - Tuna propagation costs capitalised	-	2,429	2,429
• capital expenditure	494	560	1,054
	494	2,989	3,483
Reconciliation of segment assets to Group assets			
Unallocated assets			
• intangible assets			4,945
• deferred tax assets			
Total Group assets from continuing operations			91,894

(iii) Segment liabilities

Twelve months ended 30 June 2012	**Finfish $ '000**	**Tuna $ '000**	**Total $ '000**
Segment liabilities	3,139	4,001	7,140
Reconciliation of segment liabilities to Group liabilities			
Unallocated liabilities			
• deferred tax liabilities	-	-	-
Total Group liabilities from continuing operations	3,139	4,001	7,140
Twelve months ended 30 June 2011			
Segment liabilities	4,136	4,050	8,186
Reconciliation of segment liabilities to Group liabilities			
Unallocated liabilities			
• deferred tax liabilities	-	-	-
Total Group liabilities from continuing operations	4,136	4,050	8,186

(iv) Revenue by geographic region

Revenue attributable to external customers is disclosed below, based on the location of the external customer.

	Consolidated Group	
	2012	2011
	$ '000	$ '000
Australia	**10,498**	14,856
United States of America	**1,811**	5,299
Europe	**8,681**	13,551
Asia	**1,404**	5,011
Total revenue	**22,394**	38,717

(v) Major customers

The Group has a number of customers to which it provides products. The Group supplies one single external customer in the finfish segment which accounts for 8% (2011: 10%) of external revenue. The next most significant customer accounts for 6% (2011: 5%) of external revenue.

Notes to the Financial Statements
For the year ended 30 June 2012

34 Clean Seas Tuna Ltd Parent Company Information

	2012 $ '000	2011 $ '000
Parent entity		
Assets		
Current assets	**3,154**	7,562
Non-current assets	**56,587**	131,102
Total assets	**59,741**	138,664
Liabilities		
Current liabilities	**1,200**	958
Non-current liabilities	**4,001**	4,227
Total liabilities	**5,201**	5,185
Net assets	**54,540**	133,479
Equity		
Issued	**145,355**	143,838
Retained earnings	**(91,854)**	(11,333)
Reserves		
Share option reserve	**1,039**	974
Total equity	**54,540**	133,479
Financial performance		
Profit/(loss) for the year	**(80,251)**	(15,600)
Other comprehensive income	**-**	-
Total comprehensive income	**(80,251)**	(15,600)

Guarantees in relation to the debts of the subsidiary
There are no guarantees in place at present.

Contingent liabilities
See note 26.

Contractual commitments
See note 27.

Directors declaration
For the year ended 30 June 2012

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 42 to 81, are in accordance with the Corporations Act 2001, and:

   a. complies with Australian Accounting Standards; and

   b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and the consolidated group; and

   c. comply with International Financial Reporting Standards as disclosed in note 1;

2. The Chief Executive Officer and the Chief Financial Officer have each declared that:

   a. the financial records of the Company and the Consolidated Entity for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

   b. the financial statement and notes for the financial year comply with the Accounting Standards; and

   c. the financial statement and notes for the financial year give a true and fair view;

3. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made persuant to Sec 295(5) of the Corporations Act 2001.

On behalf of the Directors

Mr. Paul Steere
Chairman

Adelaide
14 August 2012

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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 2012, the consolidated statement of 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which 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.

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 and fair presentation of the financial report 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 2012 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.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1 (u) in the financial report which indicates that the consolidated entity incurred a net loss of $30,750,000 during the year ended 30 June 2012 and cash used in operating activities of $1,291,000. These conditions, along with other matters as set forth in Note 1 (u), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. 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 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 14 August 2012