CLEANSEAS | sustainable seafood

Annual Report 2013–2014

The King of Kingfish

ABN 61 094 380 435

Corporate Directory

Directors	**P Steere** Independent Non-Executive Chairman **H H Stehr AO** Non-Executive Director **M A Stehr** Non-Executive Director **N Burrows** Independent Non-Executive Director **P Robinson FCA** Alternate Non-Executive Director for H Stehr
Company secretary	**F Knight CPA**
Executives	**C Foster** Chief Executive Officer **F Knight** Chief Financial Officer & Company Secretary **C Wilkes** Marine Production 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 Audit Pty Ltd Level 1, 67 Greenhill Road Wayville SA 5034
Stock exchange listings	Clean Seas Tuna Limited shares are listed on the Australian Securities Exchange.
Website address	www.cleanseas.com.au

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Chairman and Chief Executive Report

For the year ended 30 June 2014

Overview

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

In doing so, we have recorded a return to profit one year earlier than anticipated. This year's after tax profit of $11.145 million compares with last year's result of a loss of $34.457 million. The 2014 underlying operational profit of $1.255 million compares with last year's underlying loss of $4,644.

Reconciliation: Statutory result to Underlying result		
	2014	2013
	$,000	$,000
Statutory net profit / (loss) for the year after tax	**11,145**	(34,457)
Add / (deduct):		
R&D Tax incentive	**(6,156)**	-
Capital raising tax expense	**219**	
Ausindustry Commercial Ready Grant	**(3,953)**	-
Asset impairment	**-**	29,813
Underlying profit / (loss) for the year before tax	**1,255**	(4,644)

The turning point in achieving an operational profit comes after:-

- two solid years of restructuring;
- support from our shareholders in our capital raising of November 2013;
- intensive efforts to isolate probable causes of adverse biological performance, primarily feed related, and build on that knowledge in our husbandry;
- implementing clear strategies focussed on sustainable grow-out to optimal harvest weights at a cost level that is profitable relative to market pricing as biomass rebuilds.

We have kept the market fully informed of our progress as our strategy developed, nevertheless it is gratifying to record the financial effect and in doing so the Board commends Dr Foster, his management team and all staff for their significant efforts in this achievement.

With continuing positive performance of our kingfish spawning, husbandry and market penetration underpins our confidence in the outlook for our business.

Having attained a clear operational profit months ahead of expectations, we now progress the task of rebuilding our sales towards 3,000 tonnes p.a. as the next stage of our growth strategy. We have announced previously that our interim target is a sales level of 1,500 tonnes p.a. In FY 2014 we achieved a sales tonnage of 571 tonnes and our biomass growth exceeded expectations by nearly 40%. This underpins our confidence that we will more than double sales in the financial year ahead and achieve our sales targets.

The Company is now focussed on the 3,000 tonne p.a. sales target and the new challenges that this will bring. These include increasing distribution to the market, consumer pull through by effective targeted marketing, a widening product portfolio and ensuring cost to market is competitive.

The strategies and disciplines that have served us well in the last two years will continue. We will be recruiting experienced and proven aquaculture staff, not only to progress the scale up, but to continue

Chairman and Chief Executive Report

For the year ended 30 June 2014

to improve the productivity of our Hiramasa Yellowtail Kingfish as to growth and feed conversion. We intend to fund that expansion from cash reserves and ensure prompt payback from our capital investments to support for our growth strategies. Similarly we intend to ensure that support services and other administrative costs are well controlled and minimised.

The overall profit for the year of $11.1 million is significant. In addition to the operational profit discussed above, it has been boosted by Grant Income ($3.9 million), along with tax Incentive Credits for research activity ($6.1 million). Further tax credits are likely to be available in the current year, albeit at a lower level in the new fiscal year. While the Grant income was cash neutral, having been utilised in the research in previous years, the tax credit did provide cash support and the closing cash for the year of $9.9 million provides the strongest position for many years.

Southern Bluefin Tuna

The Board is conscious that the original vision of the company in achieving cultivated Southern Bluefin Tuna has remained a significant challenge.

Notable progress was achieved in previous years including a world first for spawning from eggs through to 500 gram weight in seawater before succumbing to colder temperatures. These achievements have come at a significant cost which is not unexpected for this type of research in aquaculture.

In deferring the substantive elements of our Southern Bluefin Tuna research in December 2012 we have reduced costs and limited operational activity to maintaining the valuable brood-stock and their wellbeing, some research projects for which external funding was obtained and a limited spawning in early summer with low fecundity.

Your Board and management intend that a comprehensive review to address this complex question from which a definitive decision on the future for our Southern Bluefin Tunas Strategy future be determined. It is expected that a range of possibilities will be canvassed which may include the involvement of third parties. We anticipate that a direction will be agreed during FY 2015 and we will keep shareholders informed of that decision.

Hiramasa Yellowtail Kingfish

We have successfully shown with the resolution of the feed quality, our fish have returned to growing better than they ever have in the company’s history. Survival of our older fish has been outstanding with very few losses. The introduction of juveniles in the Spring-Summer of 2013/14 has produced growth results better than expected and survival well within budgeted levels. We introduced 655 thousand fingerlings in the current year, three times the level of the previous year.

This year we have focused particularly on the health of the fish and feed management during all stages of production. We continue to look for those game changing technologies that will allow us to radically change the farming methods and reduce our cost of production. Our feed conversion is amongst the best when we benchmark our feed performance with similar farms in Japan.

Chairman and Chief Executive Report

For the year ended 30 June 2014

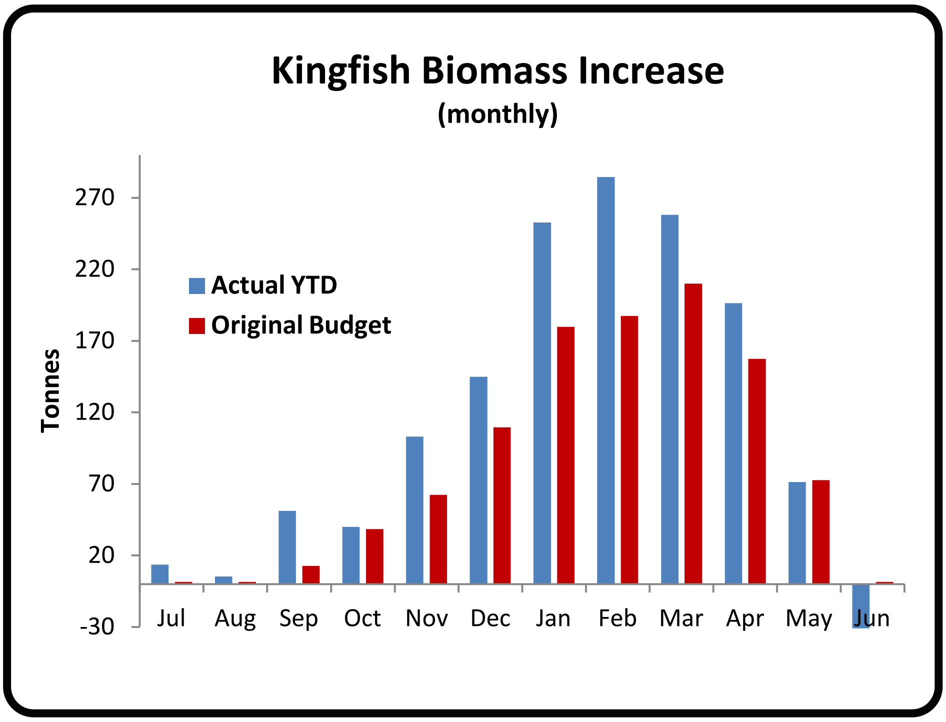

Figure 1 shows the actual monthly biomass gain (blue) against our budget (red).

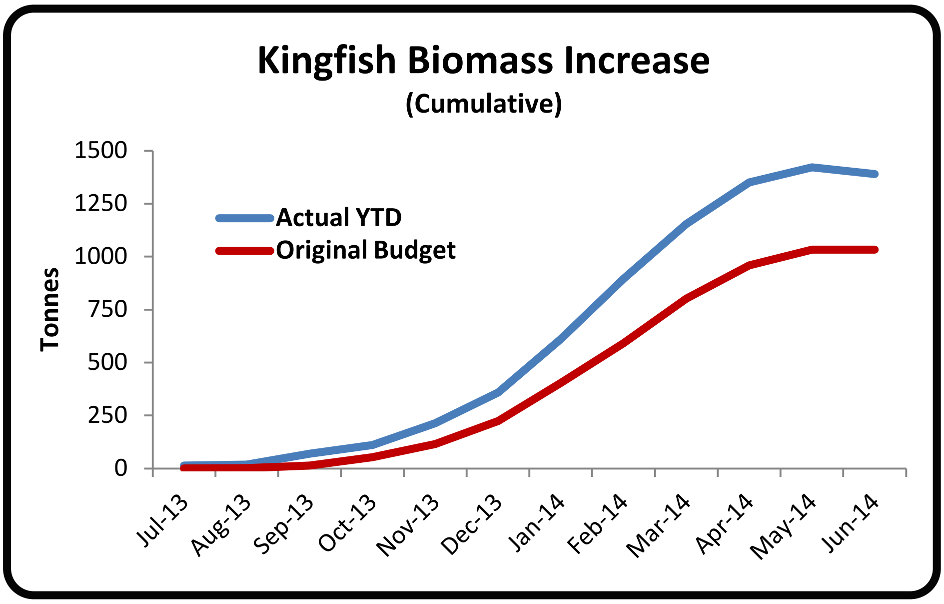

Figure 2 shows our actual biomass increase (blue) compared to our budget biomass (red).

Chairman and Chief Executive Report

For the year ended 30 June 2014

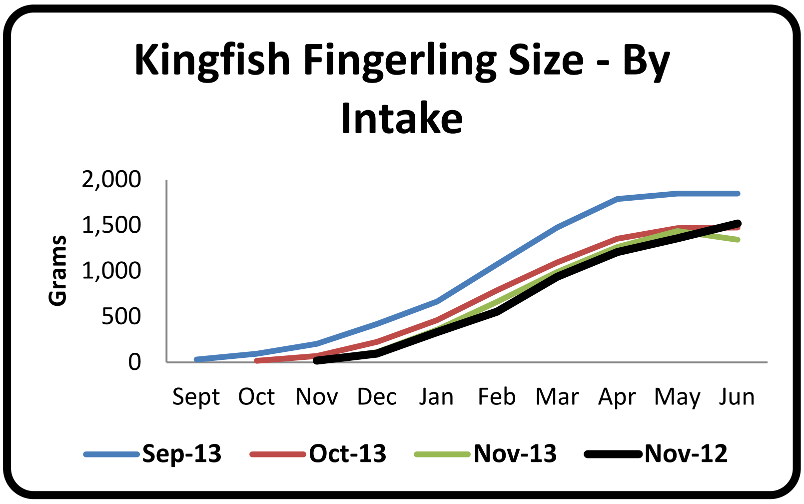

Figure 3 shows the performance of the three fingerling intakes (September, October and November) compare to the November 2012 intake (black).

The three figures included show our biomass and size performance of our Kingfish that were grown in FY2014.

Our next phase is to focus on our marketing and our post-harvest business. In early summer of this calendar year we will relaunch our product and refresh all our marketing materials to ensure that our consumers are aware that our product has returned in even better quality with continuity of supply. Our geographic distribution will be widened to absorb our increasing supply.

By April next year we will be achieving the equivalent of 1,500 tonnes p.a. of Hiramasa Yellowtail Kingfish sales per month.

<u>Appreciation</u>

We began this report announcing a return to profitability. That positive demonstration of the Company's abilities would not have been possible without the combined efforts and support of our people, our suppliers, our distributors, our consumers, our researchers, our regulatory relationships and our shareholders.

The Board continues to be grateful to Dr Foster in particular for his leadership and applied aquaculture experience, and appreciates that Dr Foster is well supported by a dedicated and committed team to build on the successes of the last two years.

As Chair, I also record my appreciation to my Board colleagues for their support, wisdom and guidance ensuring we stay on plan.

I would also like to pay tribute to Mr Frank Knight who has served as CFO and Company Secretary since the company's commencement some nine years ago and who retires in August. Mr Knight has seen the company through some challenging times and we record our appreciation of his efforts and dedication during his service. An experienced and qualified replacement Mr Wayne Materne, has been appointed and we are confident he will greatly assist guiding the Company in its anticipated future development.

Paul Steere	Craig Foster
<u>Chair</u>	<u>Chief Executive</u>

Directors' Report
For the year ended 30 June 2014

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 2014, 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:

- Mr P J Steere
- Mr H H Stehr AO
- Mr M A Stehr
- Mr N J Burrows
- Mr P S Robinson (alternate Director to Mr H H Stehr)

Principal Activities

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

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

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

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

Operational and Financial Review

The Board and Management of Clean Seas Tuna Ltd are pleased to report a statutory profit after income tax for the year of $11.145 million (FY 2013: loss $34.457 Million)

This exceeded budget and includes an underlying operating profit of $1.255 million previously forecast to be reached in the 2015 fiscal year. Whilst a strong contribution from our Kingfish operations was expected, the achievement of an underlying operating profit for the year some months in advance of our signalled target, demonstrates the effectiveness of our strategies for Hiramasa Yellowtail Kingfish production.

This earlier than anticipated return to operational profit has arisen from a significantly improved biological performance, maintaining a premium market price and ensuring our costs are well controlled and focussed on Kingfish outputs.

The underlying operational results were significantly improved from the previous year with the comparative twelve monthly operational results being:

	2014	2013
	$'000	$'000
Net statutory profit/(loss) after tax	**11,145**	(34,457)
Less asset impairment	**--**	29,813
Less Tax Credit/Grant Income	**9,890**	--
Underlying operating result	**1,255**	(4,644)

There are no extraordinary impairment charges in the reported year.

As indicated in previous reports the strategies that gave rise to the profitable returns were:-

- ✓ a priority focus on fish health and performance following identified diet improvement
- ✓ consequent improved growth rates and survival levels
- ✓ improved Kingfish hatchery productivity
- ✓ continuing sales placement at value levels for Sashimi and white table food service reflecting a premium against commodity fish
- ✓ maintenance of cost control disciplines in all sectors of the company's operations
- ✓ rationalisation of farm sites reducing the span of control needed
- ✓ concentration of effort on Hiramasa Yellowtail Kingfish while the substantive program of Southern Bluefin Tuna research has been scaled back.
- ✓ careful marshalling of cash resources following the shareholder support of last November plus cash generated from the R&D tax incentives.

Company Environment and Outlook

Outlook

Having attained a clear operational profit months ahead of expectations, we now progress the task of rebuilding our sales towards 3,000 tonnes p.a. as the next stage of our growth strategy. We have announced previously that our interim target is a sales level of 1,500 tonnes p.a. In FY 2014 we achieved a sales tonnage of 571 tonnes and our biomass growth exceeded expectations by nearly 40%. This underpins our confidence that we will more than double sales in the financial year ahead and achieve our sales targets.

The Company is now focussed on the 3,000 tonne p.a. target and the new challenges that that will bring. These include increasing distribution to market, consumer pull through by effective targeted marketing, a widening product portfolio and ensuring cost to market is competitive.

The strategies and disciplines that have served us well in the last two years will continue. We will be looking to recruit additional experience and leadership with our Aquaculture team to ensure not only that our expansion strategy can proceed apace, but that we can take advantage of every opportunity to improve the productivity of our fish performance and manage the cost logistics from farm to consumer.

Our near term strategy is to achieve AUD $3 per kg EBIT for our Hiramasa Kingfish. Although we are not there yet we have strategies to reduce our cost of production.

Southern Bluefin Tuna

The Board is conscious that the original vision of the company in achieving cultivated Southern Bluefin Tuna has remained a significant challenge.

Notable progress was achieved in previous years including a world first for spawning from eggs through to 500 gram weight in seawater before succumbing to colder temperatures. These achievements have come at a significant cost which is not unexpected for this type of research in aquaculture.

In deferring the substantive elements of our Southern Bluefin Tuna research in December 2012 we have reduced costs and limited operational activity to maintaining the valuable brood-stock and their wellbeing, discrete research projects for which external funding was obtained and a limited spawning in early summer with low fecundity .

With the significant positive turnaround in our Hiramasa Yellowtail Kingfish performance and the rapid progression of our growth strategies for this species, the Company now has the opportunity to reconsider whether we can recommence more substantive work on the Southern Bluefin Tuna strategy.

Your Board and management intend that a comprehensive review to address this complex question from which a definitive decision on the future for our Southern Bluefin Tunas Strategy future be determined. It is expected that a range of possibilities will be canvassed which may include the involvement of third parties. We anticipate that a direction will be agreed during FY 2015 and we will keep shareholders informed of that decision.

The Company's operational refocussing progress to date is on target. The Company remains substantially debt free other than minor vehicle lease financing arrangements.

Key initiatives in FY2015

Fish Health Management

The Company will continue to assess fish response to improved feeds by evaluating key areas of health, including the ability of the fish to resist disease and protect themselves from skin parasites. This will lead to continued improved fish performance and lower levels of skin and gill flukes. Coupled with this the Company will extend farm management protocols to provide alternative ways of reducing fluke infestations. Further research and development will be carried out trialling various strategies to mitigate this problem.

Fish health is a major risk in aquaculture operations. Mitigation of this risk continues as a high priority in daily activities. External veterinary and environmental monitoring services alongside internal dedicated health personnel are used to constantly monitor potential health risks to the fish.

Selective Breeding Program

In FY 2014 the Company has used selectively bred Hiramasa Yellowtail Kingfish broodstock from our breeding program to improve growth rates. The Company will continue the selective breeding program to provide the next generation of selected broodstock.

Seal Interaction

Seal interactions have been minimal in this financial year through the adoption of improved net management. We continued to seek ways of reducing adverse interaction.

Juvenile Production

The Company's hatchery staff, with the support of funding through the Seafood Co-operative Research Centre and Fisheries Research Development Corporation, have made significant gains in understanding how to improve hatchery productivity.

We continue to deliver improvements in fingerling yield, quality and productivity.

Directors' Report

For the year ended 30 June 2014

The Company implemented a program producing larger fingerlings for stocking into sea pens earlier in the key Summer growing season. The Company achieved an introductory size of 30 grams in September 2013, up from the normal 5-10 gram introductory size. This will accelerate the availability of these fish for harvest by at least two months and deliver an uplift in average harvest size.

Feed Improvement

Board and Management believe that, with further feed improvement and better feed management, there is significant opportunity to reduce the amount of feed it takes to grow Yellowtail Kingfish to optimal harvest weight.

Last year hatchery feed research undertaken on fish of less than 1.5kgs supported decision making in sea farming husbandry. This year these feed research initiatives will be extended to fish between 1.5 and 3.0 kg by undertaking some key research on feed composition and feeding management at the Joint research conducted by the South Australian Research Development Institute and Clean Seas has already born fruits in reducing our feed costs. A further programme this financial year will identify further opportunities to reduce feed costs whilst improving feed performance.

The cost of feed accounts for 45% of our cost of production. Cost inputs such as exchange rates and fishmeal costs can have an adverse effect on the cost of feed. Continual improvement in feed rates and quality will have a material positive impact on profitability.

People Development

The performance of the Company's farming business is very closely linked to the skills, dedication and performance of our farming staff. The Company will focus on improving farming expertise by selective recruitment and delivery of further training to existing staff.

The Board recognises the importance of building an experienced aquaculture focused workforce. Staff who have gained experience in interstate and international operations are being retained to improve the levels of local aquaculture workers.

A strong workplace safety culture continues to be driven by management. Mr. Ross Hay has joined the staff in 2014 to head the drive to improved workplace safety.

The Company would like to thank our staff for their dedication and performance in achieving outstanding results in this important transition year.

Production Growth

Improved health and growth coupled with increased fingerling intake saw 1,390 tonnes of Yellowtail Kingfish produced in the 2014 financial year (2013: 285 tonnes). We incur costs of approximately $9 per kilogram for each increase in biomass. Or $9 million per thousand tonnes.

Most of the growth is achieved in the summer months, December to May. The increase is growth is coupled with an increase in feed usage resulting in these months being the highest cash flow use periods.

The move to a production level of 3,000 tonnes will result in economies of scale resulting in a lower cost per kg of production.

Sales Demand

The Company continues to receive solid support across all markets. The Company achieved last year's objective to lift average harvest size for large fish from less than 3.0kg to 4.0kg. This will satisfy customer requests for larger fish with a better fillet yield.

Directors' Report
For the year ended 30 June 2014

Clean Seas is the only Australian producer of Hiramasa Yellowtail Kingfish. Marketing focus in 2013 and 2014 was primarily aimed at the Australian market. This focus continues as we strive to improve Australian exposure to aquaculture bred Yellowtail Kingfish.

2014 saw an expansion of the European sales and a re-opening of sales into Asia. Competition from Japanese growers is being met with the high quality and freshness of the Australian product.

At June 2014 the local to export ratio was 4 to 1 but 2015 is expected to see a rapid growth in Export market while the total volume in local markets also grows.

Sales are predominantly focussed on the fresh market but small quantities are being directed to the export frozen fillet market. This is an important volume market but Clean Seas will be building a presence in the market at a measured pace.

Research and Development Tax Incentive Claim

The company received $6.156 million in October 2013 with respect to the 2013 financial year from a claim lodged under the R&D tax incentive scheme.

The Directors' have received preliminary advice from Griffith Hack, IP Lawyers, confirming that the company may be eligible to lodge a claim for R&D tax incentive payments for the year ended 30 June 2014. The claim is currently being prepared with lodgement planned for September 2014.

Dividends Paid or Recommended

The Directors have resolved that no dividend be paid for the year ended 30 June 2014.

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.

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

The Board has adopted a strategy of rebuilding the Hiramasa Yellowtail Kingfish business to a sustainable level.

The greatly improved performance of the Hiramasa Yellowtail Kingfish, in price, growth performance and better survival is providing a base for the rebuilding of the commercial Hiramasa Yellowtail Kingfish business to an initial standing biomass level of 1,500 tonnes in 2015. The Company plans to further increase the biomass level to 3,000 tonnes.

As biomass volumes are re-established, sales to export markets are being increased.

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 is as follows:

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

The Clean Seas consolidated Group operates 30 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.

Clean Seas' vision is to be a global leader in sustainable and profitable Hiramasa Yellowtail Kingfish production. To achieve this we are committed to developing a culture of excellence in work health safety, environment and quality.

Clean Seas is working within a management system framework of the Australian Standards, AS/NZS 4801:2001 Work Health and Safety Management Systems, ISO 14001:2004 Environmental compliance and ISO 9001:2008 Quality.

With good corporate governance our vision in these areas are as follows:

"Taking Safety Seriously"

"Environment Sustainability"

"Exceptional Food Quality"

The Company's performance in these 3 key areas of business management have been exceptional in 2013/2014.

- The Lost Time Injury Frequency Rate of 10.7 is below the Australian Aquaculture Industry Figures for 2011/2012 of 14.4.
- There has been no environmental non conformance in this period.
- Fish quality has continued to improve with excellent customer satisfaction reported.

Directors' Report
For the year ended 30 June 2014

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 23 to 46 of this Annual Financial Report.

The Chief Executive Officer and Chief Financial Officer 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 and Senior Management

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, including a range of sole charge stewardship and Directorships.

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

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

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

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

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, a major institution for training of fishermen and seafarers.

Mr Stehr was the founder of Fishing Industry House and is the longest serving Chairman, for over 20 years, of the Industry Training Council Advisory Body in Australia.

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

In 2000, Mr Stehr was awarded the Australian Centenary Medal.

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

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

Mr. Marcus Stehr (Non-Executive Director)

Appointed as a Director upon incorporation in September 2000, his technical qualifications include Master Class 4 Fishing/Trading Skippers certificates, MED 1 and Dive Master Certificates. Commercial qualifications include business management courses spanning post graduate studies in Business and completion of the Company Director's course in 2007.

Mr. Stehr has accumulated 24 years hands on experience in marine finfish aquaculture operations encompassing Tuna, Kingfish and Mulloway.

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 as an Executive Director of the Australian Southern Bluefin Tuna Industry Association (ASBTIA) and serves as a Deputy Member of the Aquaculture Advisory Committee (ACC). He is also helping to facilitate Maritime training at the Australian Fisheries Academy.

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 Fellow of the Australian Institute of Company Directors and Institute of Chartered Accountants Australia, Governance Institute of 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 an extensive and contemporary senior executive ASX200 aquaculture listed entity background.

Mr. Burrows' Directorship background encompasses a multi-sector portfolio of Chair, Non-Executive Directorship and Board Committee positions spanning local and state government, not-for-profit and major private companies. He is currently a Non-Executive Director of TasTAFE, Metro Tasmania Pty Ltd and Chairman of Tasmanian Quality Assured Inc in the not-for-profit sector. Mr Burrows has also been an Independent Director of Skills Tasmania, Tasmanian Water and Sewerage Corporation (Southern Region) Pty Limited – ("Southern Water"), and VEC Civil Engineering Pty Ltd.

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

Mr. Burrows has had a long involvement with Governance Institute of Australia including serving as National President and 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 and 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 Australia from 2000 to 2005, having worked for Skretting for five years previously.

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

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

Mr. Frank Knight (Company Secretary)

Appointed Company Secretary in February 2006. Prior to joining Clean Seas Tuna Limited, Mr Knight 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

The Board currently has two Committees, the Finance, Audit and Risk Committee (FARM-WHS&E) and the Remuneration and Nominations Committee.

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 thirteen scheduled meetings of Directors, six scheduled formal meetings of the FARM-WHS&E Committee and two scheduled formal meetings of the Remuneration and Nominations Committee held.

	Directors' Meetings Held/Attended	FARM-WHS&E Committee Meetings Held/Attended	Remuneration and Nominations Committee Meetings Held/Attended
H Stehr	13/(12)*	-	-
M Stehr	13/(12)	6/(6)	2/(2)
P Steere	13/(13)	6/(6)	2/(2)
N Burrows	13/(13)	6/(6)	2/(2)

*Paul Robinson attended one Directors' Meetings, five FARM-WHS&E Committee Meetings 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 and Key Management Personnel in the shares and options of Clean Seas Tuna Limited were:

Director	Ordinary Shares	Options over Ordinary Shares
H Stehr	101,064,972	Nil
M Stehr	730,310	Nil
P Steere	456,715	Nil
N Burrows	431,465	Nil
P Robinson (Alternate)	1,750,000	Nil

95,518,660 of the ordinary shares attributed to H. Stehr are beneficially held by Australian Tuna Fisheries Pty. Ltd. 4,747,917 of the ordinary shares attributed to H. Stehr are beneficially held by Stehr Group Pty Ltd.

Key Management Personnel	Ordinary Shares	Options over Ordinary Shares
C Foster	4,416,131	Nil
F Knight	499,465	Nil
C Wilkes	Nil	Nil

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

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, 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:

	2014 $	2013 $
Taxation consultation services	710	6,900
Taxation compliance services	10,200	9,950

Auditor's Independence Declaration

The Auditor's independence declaration under section 307C of the Corporations Act 2001 has been received and can be found on page 47.

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. There were no remuneration consultants retained this financial year.

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

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

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

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.

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

The annual performance evaluations for the Board, its respective Committees and the individual Directors will be conducted at the conclusion of the financial year ended 30 June 2014 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 2013 Annual General Meeting

Clean Seas Tuna Ltd received more than 90% of "yes" votes on its Remuneration Report for the 2013 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.

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

Base salary inclusive of superannuation for the year ended 30 June 2014 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 2014 - the employee is eligible for a Short Term Incentive, not exceeding $100,000 in total, for achieving short term key performance indicators relating to Hiramasa Yellowtail Kingfish FCR performance and profitability and Southern Bluefin Tuna survivals. No bonus was paid in respect of the June 2014 financial year.

Frank Knight, Company Secretary and CFO

Base salary inclusive of superannuation for the year ended 30 June 2014 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.

Chester Wilkes, Marine Production Manager

Appointed on 5th December, 2012.

Base salary inclusive of superannuation for the year ended 30 June 2014 of $130,800, to be reviewed annually by the Remuneration and Nominations Committee.

Provision of fully maintained Company vehicle.

Incentive scheme, as at 30th June 2014 - the employee is eligible for an additional salary payment not exceeding $15,000 based on achieving measurable Hiramasa Yellowtail Kingfish growth targets.

(c) Key Management Personnel Remuneration

Directors		Short Term Benefits			
2014		Salary	KPI Bonus	Benefits	Directors fees
	Note	$'000	$'000	$'000	$'000
N Burrows	d	-	-	-	55
P Robinson	b	-	-	-	-
P Steere		-	-	-	110
H Stehr	a	-	-	-	43
M Stehr	c	-	-	-	43
		-	-	-	251

Directors		Post Employment Benefits	Share Based payment		Total Benefits	
2014 (cont'd)			Shares	Options	Total	Performance Related
	Note	$'000	$'000	$'000	$'000	%
N Burrows	d	-	-	-	55	-
P Robinson	b	-	-	-	-	-
P Steere		-	-	-	110	-
H Stehr	a	-	-	-	43	-
M Stehr	c	-	-	-	43	-
		-	-	-	251	

Key Management Personnel	Short Term Benefits		
2014	Salary	KPI Bonus	Benefits
	$'000	$'000	$'000
C Foster	324	-	-
F Knight	174	2	-
C Wilkes	142	-	-
	640	2	-

Key Management Personnel	Post Employment Benefits	Share Based payment		Total Benefits	
2014 (cont'd)		Shares	Options	Total	Performance Related
	$'000	$'000	$'000	$'000	%
C Foster	-	-	-	324	-
F Knight	-	-	-	176	-
C Wilkes	-	-	-	142	-
	-	-	-	642	

(c) Key Management Personnel Remuneration

Directors 2013	Note	Short Term Benefits			
		Salary	KPI Bonus	Benefits	Directors fees
	Note	$'000	$'000	$'000	$'000
N Burrows	d	-	-	-	50
P Robinson	b	-	-	-	-
P Steere		-	-	-	100
H Stehr	a		-	-	44
M Stehr	c	-	-	-	44
Total		-	-	-	238

Directors 2013 (cont'd)	Note	Post Employment Benefits	Share Based payment		Total Benefits	
			Shares	Options	Total	Performance Related
	Note	$'000	$'000	$'000	$'000	%
N Burrows	d	-	-	-	50	-
P Robinson	b	-	-	-	-	-
P Steere		-	-	-	100	-
H Stehr	a	-	-	-	44	-
M Stehr	c	-	-	-	44	-
Total		-	-	-	238	

Key Management Personnel 2013		Short Term Benefits		
		Salary	KPI Bonus	Benefits
		$'000	$'000	$'000
C Foster		335	-	5
F Knight		174	-	-
C Wilkes		106	9	-
M Deichmann	e	116	-	3
M Thompson	f	76	-	-
Total		807	9	8

Key Management Personnel 2013 (cont'd)		Post Employment Benefits	Share Based payment		Total Benefits	
			Shares	Options	Total	Performance Related
		$'000	$'000	$'000	$'000	%
C Foster		-	-	-	340	-
F Knight		-	-	-	174	-
C Wilkes		-	-	-	115	8
M Deichmann	e	-	-	-	119	-
M Thompson	f	-	-	-	76	-
Total		-	-	-	824	

(a) Directors fees for H Stehr were paid to a company associated with the Director.

(b) Consulting fees of $36,000 were paid to PSMMR Pty Ltd (2013 - $36,000), an associated company of Paul Robinson (Alternate Director).

(c) Consulting fees of $69,900 (2013 – $93,148) for services provided other than as a director were paid to Sanchez Tuna Pty Ltd , an associate company of Marcus Stehr.

(d) Nil consulting fees for Nick Burrows for 2014 (2013 - $2,325)

(e) M Deichmann ceased employment 14 September 2012

(f) M Thompson ceased employment 28 September 2012

(d) Shareholdings

Number of shares held by directors and key management personnel

	Balance 1/7/2013	Received as Compensation	Options Exercised	Net Change Other	Balance 30/6/2014
	'000	'000	'000	'000	'000
P Steere	-	-	-	457	457
H Stehr	100,316	-	-	749	101,065
M Stehr	564	-	-	166	730
N Burrows	-	-	-	431	431
P Robinson	1,237	-	-	513	1,750
C Foster	4,167	-	-	249	4,416
F Knight	250	-	-	249	499
Total	106,534	-	-	2,814	109,348

(e) Options

There are currently no options on issue.

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. Figures in the financial statements may not equate due to rounding.

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

P. Steere
Chairman

Adelaide
14 August 2014

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 continued to review and enhance its governance policies and practices and the governance framework 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.

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

Unless otherwise disclosed below, the Group's governance practices comply with the ASX Corporate Governance Principles and Recommendations (including 2010 Amendments) and have been applied for the entire financial year ended 30 June 2014. The Group will report in accordance with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations released on 27th March 2014 for the financial year ended 30 June 2015.

A description of the Group's main corporate governance practices is set out below.

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;
- providing leadership and 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;
- overseeing Management's implementation of the Group's strategic objectives and monitoring performance against budgets and strategic plans;
- appointing the Chairman and lead independent Director;
- appointing and, when necessary replacing, the Chief Executive Officer, setting his/her remuneration and monitoring his/her performance annually;
- approving the appointment and, when necessary, replacement of other senior Executives, approving their remuneration in accordance with recommendations brought forward by the Chief executive Officer and monitoring their performance annually,
- approving operating budgets and major capital expenditure;
- overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit;
- overseeing the Group's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities;
- ensuring that the Group has in place an appropriate risk management framework to identify, assess, monitor and manage material business risks, ensuring compliance with all regulatory requirements and setting the risk appetite within which the Board expects Management to operate;
- approving the Group's remuneration framework; and
- monitoring the effectiveness of the Group's governance practices.

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.

The Board currently has the following Committees:

- Remuneration and Nominations Committee – refer discussion at ASX Principles 2 and 8; and

Corporate Governance Statement

- 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.

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 15.

Letters of Appointment

The appointment of a new Director or Chief Executive Officer 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.

The appointment of a new senior Executive is formalised with a detailed letter of appointment from the Chief Executive Officer 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 the Chief Executive Officer and Senior Executives during the current financial year in accordance with the process disclosed in this Annual Report.

Corporate Governance Statement

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, and plays an important role in supporting the effectiveness of the Board and its Committees.

The role of the Group's Company Secretary includes:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Each Director is able to communicate directly with the Company Secretary and vice versa.

The decision to appoint or remove a Company Secretary is made by the Board.

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 12-14.

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.

Corporate Governance Statement

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 the Director free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the entity and its security holders generally?"

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 Board recognises that the interests of the Company and its security holders are likely to be well served by having a mix of Directors, some with a longer tenure with a deep understanding of the entity and its business and some with a shorter tenure with fresh ideas and perspective. It also recognises that the Chairman of the Board will frequently fall into the former category rather than the latter.

The mere fact that a Director has served on the Board for a substantial period does not mean that he or she has become too close to management to be considered independent nor should it be perceived to materially interfere with a Director's ability to act in the best interests of the Company. However, the Board regularly assesses whether that might be the case for any Director who has served in that position for more than 10 years.

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).

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

Corporate Governance Statement

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.

The Board routinely reviews whether the Directors as a group have the skills, knowledge and familiarity with the Group and its operating environment required to fulfil their role on the Board and on Board committees effectively and, where any gaps are identified, considers what training or development, (or further Board / external advisor appointments) could be undertaken to fill those gaps. To assist in this process, the Board has a Skills Matrix which encapsulates the core competencies outlined in the Group's Policy on Selection and Appointment of Directors covering the following categories:

- General;
- Knowledge;
- Strategic;
- Financial and analytical;

- Character; and
- Communication.

The Policy on Selection and Appointment of Directors is available on the Company's website.

Where necessary, the Company provides resources to help develop and maintain its Directors' skills and knowledge. This includes, in the case of a Director who does not have specialist accounting skills or knowledge, ensuring that he or she has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Group's financial statements. It also includes, for all Directors, ensuring that they receive ongoing briefings on developments in accounting standards.

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.

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 of independent Non-executive Directors Mr Paul Steere (Chairman) and Mr Nick Burrows and Mr Marcus Stehr (Non-independent). Details of Committee member's respective skills, qualifications and experience are set out in the Directors' Report on pages 12-14. 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 15.

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.

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 Board's 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 has been conducted in respect of the financial year ended 30 June 2014 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.

In the relevant Notice of Meeting, Shareholders are provided with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director.

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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.

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, ensuring that appropriate checks are undertaken before putting forward these recommendations to the Board or to Shareholders for election as a Director. This includes checks as to the person's character, experience, education, criminal record and bankruptcy history.

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 written 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.

The Company also provides Directors with professional development opportunities to develop and maintain the skills and knowledge needed to perform their ongoing role as Directors effectively.

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

Corporate Governance Statement

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.

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 15.

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.

Corporate Governance Statement

The Code of Conduct addresses, amongst other things:

- ethical conduct and expected behaviours based on the principles of openness, mutual respect, fairness, honesty and integrity;
- compliance with the law;
- trading in Clean Seas' securities;
- continuous disclosure compliance;
- privacy;
- 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 Company's Diversity Policy 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

Corporate Governance Statement

- 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 2014, women account for 8.6% (30 June 2013: 15.6%) 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 2014)**	**Women Representation % (As at 30 June 2013)**
Board	0.0%	0.0%
Executive Managers	0.0%	0.0%
Managers	11.1%	12.5%
Non-Managerial	10.0%	20.0%

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The Board acknowledges that there are no women at the Board and Executive Manager levels. The Group is consolidating its workforce as part of a major restructuring and re-positioning phase and continues to undergo ongoing adjustments in employee numbers across all employment levels. When this process is satisfactorily 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 15.

The Company's Securities Trading 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.

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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 and corporate reporting;
- internal control structures;
- internal (or equivalent) audit functions;
- external audit functions; and
- risk management systems, with a particular focus on environmental, economic, social sustainability and health and safety risks (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 12-14. 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 15.

The Board considers that all members of the Committee are financially literate and that the Committee possesses sufficient financial expertise and technical knowledge of the industry in which the Company operates to be able to discharge the Committee’s mandate effectively.

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 and corporate 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;

- 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 and corporate 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 2014. The independence declaration forms part of the Directors' Report and is set out on page 47 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 27 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 attends and are available to answer questions at the Company's Annual General Meeting relevant to the audit and the preparation and content of the Auditor's Report.

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 has been formulated with reference to related ASX Guidance Notes and related ASIC Regulatory Guides. The Policy 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.

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 efficient, 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 electronic 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.

Electronic communication with Shareholders is also encouraged and is further facilitated via the Group's external Share Registry and their electronic communication and reporting platforms.

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 2014 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 does not currently have a formalised internal audit function, however has a comprehensive risk policy and risk management framework incorporating an internal compliance and control system. These underpin the ongoing evaluation and continual focus on improving the effectiveness of the Group's risk management and internal control processes.

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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.

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, economic, environmental, social sustainability, 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.

Economic, environmental and social sustainability risks

The nature of its agribusiness operations, products, location, land / sea tenure and future growth strategies exposes the Group to a range of material economic, environmental and social sustainability risks. In particular, the Group is 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 legislation and trade and export licensing requirements.

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

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

Risk management practices to identify, assess, monitor and manage these risks are undertaken in accordance with and as an integral part of the risk management framework and oversight and monitoring responsibilities outlined previously. [Refer to the "Review of Operations" section on pages 6 to 11 of the Directors' Report for further commentary on risk related issues].

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 2014, involved both the Chief Executive Officer and Chief

Financial Officer respectively providing a written declaration, that in their opinion and to the best of their knowledge and belief,:

- the financial records of the Group for the financial year ended 30 June 2014 (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 position and operating performance.

In addition, the Company has in place a process whereby the Chief Executive Officer and the Chief Financial Officer respectively 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 Board of Clean Seas Tuna recognises the Company should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, motivate and retain high quality senior Executives and to align their interests with the creation of value for security holders.

The Company is accordingly committed to ensuring that it has competitive remuneration practices and sound remuneration policies that are both appropriate and fair.

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.

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

Corporate Governance Statement

- 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.

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

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 16-22.

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

Corporate Governance Statement

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

In the event of serious misconduct or if the Group financial results on which any short-term and / or long-term incentive was based are subsequently found by the Board to have been the subject of deliberate Management misstatement, the Board will require repayment of the relevant short-term and / or long-term incentive, in addition to any other disciplinary actions.

These arrangements reflect contemporary remuneration practices and are consistent with the ASX Principles. Further details are set out in the Remuneration Report on pages 16-22.

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 2014, 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 AUDIT PTY LTD
Chartered Accountants

S J Gray
Partner – Audit & Assurance

Adelaide, 14 August 2014

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	Consolidated Group 2014 $ '000	2013 $ '000
Revenue	3	10,397	14,989
Other income	4	4,001	537
		14,398	15,526
Net gain arising from changes in fair value of Yellowtail Kingfish	13	10,581	(1,197)
Changes in inventories of finished goods and work in progress	13	20	105
Foreign currency instrument revaluation	12	-	46
Employee benefits expense		(4,612)	(5,781)
Fish husbandry expense		(10,297)	(7,412)
Fish processing and selling expenses		(1,771)	(3,370)
Depreciation and amortisation expenses	5	(1,513)	(1,609)
Asset impairment	5	-	(29,813)
Other expenses		(1,879)	(1,022)
Total expenses excluding financing costs		(9,471)	(50,053)
Interest revenue		299	103
Financial expenses	5	(18)	(33)
Net profit/(loss) before income tax		5,208	(34,457)
Income tax (expense)/benefit	6	5,937	-
Net profit/(loss) for the year from continuing operations		11,145	(34,457)
Other comprehensive income		-	-
Total comprehensive income for the period		11,145	(34,457)
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	32	1.15	(6.31)
Diluted earnings per share (cents per share)	32	1.15	(6.31)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 52 to 88.

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	Consolidated Group 2014 $ '000	2013 $ '000
CURRENT ASSETS			
Cash and cash equivalents	**7**	**9,925**	5,218
Trade and other receivables	**8**	**880**	403
Prepayments	**9**	**705**	448
Processed inventory	**10**	**12**	-
Consumables inventory	**11**	**800**	430
Derivative receivable	**12**	**-**	46
Biological assets	**13**	**17,001**	6,420
TOTAL CURRENT ASSETS		**29,323**	12,965
NON-CURRENT ASSETS			
Property, plant and equipment	**15**	**13,275**	12,978
Biological assets	**16**	**244**	234
Other non-current assets	**17**	**3,027**	3,027
Intangible assets	**18**	**-**	-
TOTAL NON-CURRENT ASSETS		**16,546**	16,239
TOTAL ASSETS		**45,869**	29,204
CURRENT LIABILITIES			
Trade and other payables	**19**	**1,599**	1,281
Borrowings	**20**	**21**	201
Provisions	**21**	**515**	392
TOTAL CURRENT LIABILITIES		**2,135**	1,874
NON-CURRENT LIABILITIES			
Borrowings	**22**	**48**	-
Deferred grant income	**23**	**-**	3,953
Provisions	**21**	**62**	100
TOTAL NON-CURRENT LIABILITIES		**110**	4,053
TOTAL LIABILITIES		**2,245**	5,927
NET ASSETS		**43,624**	23,277
EQUITY			
Issued capital	**24**	**157,736**	148,534
Reserves	**25**	**1,054**	1,054
Retained earnings		**(115,166)**	(126,311)
TOTAL EQUITY		**43,624**	23,277

The consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 52 to 88.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

Consolidated Group	Note	Ordinary Shares $ '000	Share Option Reserve $ '000	Retained Earnings $ '000	Total $ '000
Balance at 1 July 2012		145,355	1,039	(91,854)	54,540
Total comprehensive income for the period		-	-	(34,457)	(34,457)
Cost of options issued	**25**	-	15	-	15
Shares issued during the period		3,608	-	-	3,608
Cost of share issue		(429)	-	-	(429)
Balance at 30 June 2013		148,534	1,054	(126,311)	23,277
Total comprehensive income for the period		-	-	11,145	11,145
Shares issued during the period	**24**	9,713	-	-	9,713
Cost of share issue	**24**	(511)	-	-	(511)
Balance at 30 June 2014		157,736	1,054	(115,166)	43,624

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 52 to 88.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	Consolidated Group 2014 $ '000	Consolidated Group 2013 $ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**9,960**	15,291
Receipts from grants		**-**	143
Payments to suppliers and employees		**(18,442)**	(17,715)
R&D tax incentive refund		**6,156**	-
Interest received		**312**	90
Finance costs		**(18)**	(33)
CRC net receipts/(payments)		**(351)**	102
Income taxes paid		**-**	-
NET CASH USED IN OPERATING ACTIVITIES	**31**	**(2,383)**	(2,122)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		**(1,839)**	(533)
Payment for Tuna development costs capitalised		**-**	(1,050)
Proceeds on disposal of non-current assets		**77**	1,689
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**(1,762)**	106
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**9,713**	3,608
Payments for costs incurred in capital raising		**(729)**	(429)
Proceeds from borrowings		**71**	543
Repayment of borrowings		**(203)**	(343)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**8,852**	3,379
Net change in cash held		**4,707**	1,363
Cash and cash equivalents at beginning of year		**5,218**	3,855
Cash and cash equivalents at end of the year	**7**	**9,925**	5,218

The consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 52 to 88.

Notes to the Financial Statements

For the year ended 30 June 2014

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 consolidated 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.

Clean Seas Tuna Limited is the Group's ultimate parent company. Clean Seas Tuna Limited is a public company incorporated and domiciled in Australia. The address of its registered office and its principle place of business is 7 North Quay Boulevard, Port Lincoln, South Australia 5606.

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 2014.

(a) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

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

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

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

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

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.

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

(a) Principles of Consolidation - Business Combinations (continued)

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.

(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.

1 Summary of Accounting Policies (continued)

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.

(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 profit or loss and other 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.

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

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

Notes to the Financial Statements

For the year ended 30 June 2014

1 Summary of Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

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.

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

1 Summary of Accounting Policies (continued)

(e) 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 profit or loss and other 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.

(f) 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 profit or loss and other 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 profit or loss and other comprehensive income.

(g) Employee Benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

(h) 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.

(i) 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.

1 Summary of Accounting Policies (continued)

(j) 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 profit or loss and other comprehensive income on a straight line basis over the expected lives of the related assets.

(k) 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.

(l) 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.

(m) Comparative Figures

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

(n) 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. Figures in the financial statements may not equate due to rounding.

(o) 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 three weeks post balance date. At 30 June 2014 the Company has 1,308,648 kilograms of fish in water held for sale valued at $17.001 million (30 June 2013 : 477,646 kilograms valued at $6.419 million).

Broodstock is valued at their fair value less estimated point-of-sale costs based on estimated sale value. The net cash flows from production of Yellowtail Kingfish fingerlings is minimal. As the Tuna research programme is currently scaled back the Board has adopted a conservative approach valuing the southern bluefin tuna broodstock at a market price .

1 Summary of Accounting Policies (continued)

(o) Biological Assets (continued)

In the Director's opinion, currently insurance cover is not available at commercially acceptable rates for the broodstock fish and at-sea Yellowtail Kingfish inventory. The Directors, therefore, have chosen to proactively manage the risks as a preferred alternative.

(p) 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 Yellowtail Kingfish 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.

(q) Issued Capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity.

(r) 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.

(s) 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.

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)
- Buildings (note 15)

1 Summary of Accounting Policies (continued)

(s) Use of Estimates and Judgements (continued)

Upon scale back of the Tuna research programme, the Directors have written back the cost of the Tuna broodstock to the net realisable sale value of the remaining broodstock and the intellectual property and development costs to nil.

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

- the Yellowtail Kingfish business will be grown to be commercially successful.
- 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.

(t) Future Funding

Based on current operating performance, the Company has sufficient cash reserves to increase Yellowtail Kingfish production to its interim target of 1,500 tonnes per annum. The Company expects to be profitable at that production level, with the ability to fund the further progressive increase in production from available cash flows. Other funding sources may be considered to support more rapid future expansion of production, subject to identifying appropriate levels of profitable market demand

(u) 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

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

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

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

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.

1 Summary of Accounting Policies (continued)

(u) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets.

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

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

AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

AASB 2013-4 makes amendments to AASB 139 Financial Instruments: Recognition & Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

AASB 1031 Materiality (December 2013)

These are revisions to AASB 1031 Materiality (July 2004, as amended)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

When the revised AASB 1031 is first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the entity.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality)

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations)

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

1 Summary of Accounting Policies (continued)

(u) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)

The amendment supersedes AASB 139 Financial Instruments: Recognition and Measurement (in part)

These amendments:

- add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area;
- allow the changes to address the so called 'own credit' issue that were included in AASB 9to be applied in isolation without the need to change any other accounting for financial instruments; and
- defer the mandatory effective date of AASB 9 from ‘1 January 2015’ to ‘1 January 2017’.

The entity has not yet assessed the full impact of these amendments.

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

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

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

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

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

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the Group.

AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)

Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the Group.

AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the Group.

Notes to the Financial Statements

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

(u) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

The entity has not yet assessed the full impact of these amendments.

AASB Interpretation 21 Levies

Interpretation 21 addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

Interpretation 21 is an interpretation of AASB 137 Provisions, Contingent Liabilities and Contingent Assets. AASB 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives

When this interpretation is first adopted for the year ending 30 June 2015, there will be no material impact on the financial statements as the Group is not subject any levies addressed by this interpretation.

AASB 10 Consolidated Financial Statements

AASB 10 relaces requirements in AASB 127 and AASB Int 112.

AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities.

The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This is likely to lead to more entities being consolidated into the group.

When this standard is first adopted for the year ending 30 June 2015, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 disclosures supersede disclosure requirements in AASB 127 (in part), AASB 128 (in part) and AASB 131 (in part)

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

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

(u) Standards, amendments and interpretations to existing standards that are not yet effective and have not

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

AASB 2011-7 makes various consequential amendments to Australian Accounting Standards arising from AASB 10, AASB 11, AASB 12, AASB 127 (August 2011) and AASB 128 (August 2011).

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any material impact on the entity given that they are largely of an editorial nature.

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

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

When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

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

When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

IFRIC Interpretation 21 Levies

IFRIC 21 addressed how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

When this interpretation is adopted for the first time on 1 January 2014, there will be no significant impact on the financial statements as the Group is not subject any levies addressed by this interpretation.

(v) New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

1 Summary of Accounting Policies (continued)
(v) New and amended standards adopted by the Group (continued)

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates). The Group does not have any interests in Joint Ventures.

AASB 12 Disclosure of interests in Other Entities

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.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year, see Notes 34 and 35.

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

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the Group.

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

(v) New and amended standards adopted by the Group (continued)

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group expects all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is not included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

AASB 119 does not have any impact on the reporting requirements of the Group. Management expects all annual leave to be taken in the next twelve months.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

When this AASB 2012-2 is first adopted for the year ended 30 June 2014, there will be no impact on the Group as the Group does not have any netting arrangements in place.

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 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 and borrowings from third parties.

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	
		2014	2013
Financial Assets		**$ '000**	$ '000
Cash & cash equivalents	**7**	**9,925**	5,218
Loans and receivables			
- Trade and other receivables	**8**	**880**	403
Total financial assets		**10,805**	5,621
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	**19**	**1,599**	1,281
- Short term borrowing	**20**	**21**	201
- Long term borrowing	**22**	**48**	-
Total financial liabilities		**1,668**	1,482

(a) Risk Management

(i) Treasury Risk Management

The FARM-WHS&E 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-WHS&E 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 monitoring future cash flow requirements.

(ii) 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.

2 Financial Risk Management (continued)

(iii) Financial Risk Exposures and Management

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

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 functional 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 2014			30 June 2013		
	USD	**EUR**	**GBP**	USD	EUR	GBP
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Foreign Currency Bank Accounts	**14**	**17**	**-**	12	22	1
Trade Receivables	**-**	**131**	**16**	-	97	-

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-WHS&E Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The FARM-WHS&E 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 financial standing; 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)**

(iii) 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 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 has no derivate contracts outstanding at the end of the financial year.

(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**	
	2014	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Financial liabilities due for payment						
Trade and other payables	**1,599**	1,281	**-**	-	**1,599**	1,281
Borrowings	**21**	201	**48**	-	**69**	201
Total expected outflows	**1,620**	1,482	**48**	-	**1,668**	1,482
Financial assets - cash flows						
Cash and cash equivalents	**9,925**	5,218	**-**	-	**9,925**	5,218
Trade and other receivables	**880**	403	**-**	-	**880**	403
Derivative receivable	**-**	46	**-**	-	**-**	46
Total anticipated inflows	**10,805**	5,667	**-**	-	**10,805**	5,667
Net (outflow)/inflow on financial instruments	**9,185**	4,185	**(48)**	-	**9,137**	4,185

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

	Consolidated Group	
	2014	2013
	$ '000	$ '000
Less than 6 months	**1,599**	1,281
6 months to one year	**-**	-
	1,599	1,281

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 2014 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	
	2014	2013
	$ '000	$ '000
Change in profit/(loss)		
Increase in AUD to USD rate by 5%	**(142)**	(20)
Decrease in AUD to USD rate by 5%	**142**	20
Change in equity		
Increase in AUD to USD rate by 5%	**(142)**	(20)
Decrease in AUD to USD rate by 5%	**142**	20

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 30 June 2014 profitability from inventory valuation changes.

The effect on the close out value of forward foreign exchange contracts held is as follows:

	Consolidated Group	
	2014	2013
	$ '000	$ '000
Change in profit/(loss)		
Increase in AUD to USD rate by 5%	**-**	(52)
Decrease in AUD to USD rate by 5%	**-**	58
Change in equity		
Increase in AUD to USD rate by 5%	**-**	(52)
Decrease in AUD to USD rate by 5%	**-**	58

2 Financial Risk Management (continued)

(iv) Sensitivity analysis (continued)

Fish Price Risk Sensitivity Analysis

At 30 June 2013, 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	
	2014	2013
	$ '000	$ '000
Change in profit/(loss)		
Increase in fish price by 5%	**863**	321
Decrease in fish price by 5%	**(863)**	(321)
Change in equity		
Increase in fish price by 5%	**863**	321
Decrease in fish price by 5%	**(863)**	(321)

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 2014 profitability from inventory valuation changes.

Feed Price Risk Sensitivity Analysis

At 30 June 2014, 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	
	2014	2013
	$ '000	$ '000
Change in profit/(loss)		
Increase in feed price by 5%	**(342)**	(186)
Decrease in feed price by 5%	**342**	186
Change in equity		
Increase in feed price by 5%	**(342)**	(186)
Decrease in feed price by 5%	**342**	186

Interest Rate Risk Sensitivity Analysis

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rates, with all other variables remaining constant is as follows:

	Consolidated Group	
	2014	2013
	$ '000	$ '000
Change in profit/(loss)		
Increase in interest rates by 2%	**181**	79
Decrease in interest rates by 2%	**(181)**	(79)
Change in equity		
Increase in interest rates by 2%	**181**	79
Decrease in interest rates by 2%	**(181)**	(79)

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

Notes to the Financial Statements

For the year ended 30 June 2014

3 Revenue

	Consolidated Group 2014 $ '000	Consolidated Group 2013 $ '000
From continuing operations		
Sales revenue		
Sale of fingerlings	**71**	64
Sale of finfish	**9,854**	13,926
Sale of value added fish	**63**	346
	9,988	14,336
Other revenue		
Other	**409**	653
	409	653
Total Revenue	**10,397**	14,989

4 Other Income

	Consolidated Group 2014 $ '000	Consolidated Group 2013 $ '000
Gain/(loss) on disposal of property, plant and equipment	**48**	394
Grant income (a)	**3,953**	143
	4,001	537

(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(j) for accounting treatment and the recognition of grant income.

Having completed the five year reporting period mandated under the grant terms and conditions, the Group has taken up the outstanding balance as other income in the 2014 financial year.

5 Expenses

	Consolidated Group 2014 $ '000	Consolidated Group 2013 $ '000
Profit/(loss) before income tax includes the following specific expenses		
Depreciation expenses		
Buildings and dams	**435**	442
Plant and equipment	**1,024**	1,074
Motor vehicles	**54**	93
	1,513	1,609
Impairment costs		
Plant and equipment	**-**	1,769
Land and buildings	**-**	6,336
Broodstock assets	**-**	2,556
Southern Bluefin Tuna quota	**-**	38
Development costs	**-**	14,164
Intellectual property	**-**	4,945
Seafood Cooperative Research Centre costs	**-**	5
	-	29,813
Finance costs		
Interest paid/payable	**18**	33
	18	33
Rental expense on operating leases		
Building lease payments	**38**	65
	38	65

6 Income Tax Expense

	Consolidated Group	
	2014	2013
	$ '000	$ '000
(a) Income tax expense		
Current tax	**-**	-
Deferred tax	**(219)**	-
R&D tax incentive refund 2013 year	**6,156**	-
Under/(over) provision in prior years	**-**	-
	5,937	-

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

Profit/(loss) from continuing operations before income tax expense	**5,208**	(34,457)
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2013 - 30%)	**1,562**	(10,337)
Add tax effect of:		
- Entertainment expense	**6**	2
- Employee option expense	**-**	5
	1,568	(10,330)
Less tax effect of:		
- R&D tax incentive refund 2013 year	**6,156**	-
- FITB on capital raising costs expensed	**(219)**	-
- Current year tax losses not taken as a benefit	-	10,330
- Current year tax expense offset against prior tax losses	**(1,568)**	-
Income tax (expense)/benefit	**5,937**	**-**
The applicable weighted average effective tax rates are as follows:	**-114%**	0%

The R&D incentive is a refund in respect of expenses incurred in the financial year ended June 2013. This amount was not included in the June 2013 financial report due to the uncertainty of the amount due and the timing of receipt.

Due to the uncertainty at which prior year tax losses will be realised the tax losses are not carried as an asset. Carried forward tax losses as at 30 June 2014 were $96.787 million not including any capital losses (30 June 2013 $98.042 million).

The Group will continue to assess this treatment on an ongoing basis as Group profitability improves.

7 Current Assets - Cash & Cash Equivalents

	Consolidated Group	
	2014	2013
	$'000	$'000
Cash at bank and in hand	**2,683**	618
Deposits at call	**7,242**	4,600
	9,925	5,218

8 Current Assets - Trade and Other Receivables

	Consolidated Group	
	2014	2013
	$'000	$'000
Trade receivables	**758**	356
Provision for impairment	**(20)**	(20)
	738	336
Related party receivables	**7**	8
Other receivables	**135**	59
	880	403

(a) Impaired trade receivables

As at 30 June 2014 there was no impairment of trade receivables.

(b) Past due but not impaired

As of 30 June 2014, trade receivables of $50,534 (2013 - $46,311) 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	
	2014	2013
	$'000	$'000
Up to 3 months	**51**	37
4 to 6 months	**-**	9
	51	46

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 2014 - nil (2013 - 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	
	2014	2013
	$'000	$'000
Prepayments	**705**	448
	705	448

10 Current Assets - Processed Inventory

	Consolidated Group	
	2014	2013
	$'000	$'000
Frozen fish inventory	**12**	-
	12	-

11 Current Assets - Consumables Inventory

	Consolidated Group	
	2014	2013
	$'000	$'000
Pellet feed	**800**	430
	800	430

12 Current Assets - Derivatives Receivable

	Consolidated Group	
	2014	2013
	$'000	$'000
Forward exchange contracts	**-**	46
	-	46

Forward exchange contracts are used to hedge cash flow risk associated with future transactions. Gains and losses from changes in the fair value of the contracts are recognised directly in the consolidated statement of profit and loss and other comprehensive income.

13 Current Assets - Biological Assets

	Consolidated Group	
	2014	2013
	$'000	$'000
Current Asset - Fish held for sale		
Carrying amount at beginning of period	**6,420**	7,617
Value of fish inventory purchased	**-**	-
Gain arising from physical changes at fair value less estimated point of sale costs	**18,254**	5,066
Write down value of biological assets	**-**	-
Decreases due to harvest for sale	**(7,653)**	(6,158)
Decreases due to harvest for fish inventory	**(20)**	(105)
Carrying amount at end of period	**17,001**	6,420

(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.

13 Current Assets - Biological Assets (continued)

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

Biomass Quality: The quality of the biomass can be difficult to assess prior to harvest. Grade differentials, if present may necessitate calculating the value of the fish based on values obtainable in alternate markets.

Size Distribution: Fish at sea grow at different rates and there can be considerable spread in fish size across the population at any given point in time. When estimating the biomass value a normal distribution of size is applied.

Market price: The market price assumption materially impacts 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 2014 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 $1.38million.

14 Controlled Entity

(a) Controlled Entity Consolidated

	Country of Incorporation	Percentage Owned	
		2014	2013
Clean Seas Aquaculture Growout Pty Ltd	Aust	**100**	100

15 Non-Current Assets - Property, Plant and Equipment

Consolidated Group **Year ended 30 June 2013**	**Marina Lease** **$'000**	**Dams & fishponds** **$'000**	**Land & buildings** **$'000**	**Plant & equip.** **$'000**	**Total** **$'000**
Opening net book amount	-	-	14,343	8,208	22,551
Additions	-	-	254	252	506
Disposals	-	-	-	(365)	(365)
Depreciation charge	-	-	(442)	(1,167)	(1,609)
Impairment cost	-	-	(6,336)	(1,769)	(8,105)
Closing net book amount	-	-	7,819	5,159	12,978
At 30 June 2013					
Cost	2,000	364	11,628	16,490	30,482
Accumulated depreciation	(2,000)	(364)	(3,809)	(11,331)	(17,504)
Net book amount	-	-	7,819	5,159	12,978

Consolidated Group **Year ended 30 June 2014**	**Marina Lease** **$'000**	**Dams & fishponds** **$'000**	**Land & buildings** **$'000**	**Plant & equip.** **$'000**	**Total** **$'000**
Opening net book amount	-	-	7,819	5,159	12,978
Additions	-	-	226	1,613	1,839
Disposals	-	-	-	(29)	(29)
Depreciation charge	-	-	(435)	(1,078)	(1,513)
Impairment cost	-	-	-	-	-
Closing net book amount	-	-	7,610	5,665	13,275
At 30 June 2014					
Cost	2,000	364	11,854	17,854	32,072
Accumulated depreciation	(2,000)	(364)	(4,244)	(12,189)	(18,797)
Net book amount	-	-	7,610	5,665	13,275

16 Non-Current Assets - Biological Assets

	Consolidated Group 2014 $'000	Consolidated Group 2013 $'000
Finfish broodstock at cost	**234**	2,823
Purchases	**10**	-
Sales	**-**	(33)
Impairment expense	**-**	(2,556)
	244	234

17 Non-Current Assets - Other

Consolidated Group	Southern Bluefin Quota	PIRSA Leases & Licences	Total
Year ended 30 June 2013	**$'000**	**$'000**	**$'000**
Opening net book amount	239	2,827	3,066
Impairment cost	(39)	-	(39)
Closing net book amount	200	2,827	3,027
Year ended 30 June 2014	**$'000**	**$'000**	**$'000**
Opening net book amount	**200**	**2,827**	**3,027**
Purchases	**-**	**-**	**-**
Impairment expense	**-**	**-**	**-**
Closing net book amount	**200**	**2,827**	**3,027**

At each reporting date the Director's review assets for impairment. As a result of an extensive strategic review undertaken in the prior financial year a number of assets were impaired at 30 June 2013. No further impairment was assessed as necessary in 2014.

The Southern Bluefin Tuna quota has been valued in line with current market prices for quota.

18 Non-Current Assets - Intangible Assets

Consolidated Group	Development Costs $'000	Intellectual Property $'000	Total $'000
Year ended 30 June 2013			
Opening net book amount	13,113	4,945	18,058
Additions	1,051	-	1,051
Accumulated amortisation & impairment	(14,164)	(4,945)	(19,109)
Net book amount	-	-	-
At 30 June 2013			
Cost	14,164	4,945	19,109
Accumulated amortisation & impairment	(14,164)	(4,945)	(19,109)
Net book amount	-	-	-
At 30 June 2014			
Cost	**-**	**-**	**-**
Accumulated amortisation & impairment	**-**	**-**	**-**
Net book amount	**-**	**-**	**-**

Notes to the Financial Statements

19 Current Liabilities - Trade and Other Payables

	Consolidated Group	
	2014	2013
	$'000	$'000
Trade payables	**969**	502
Related party payables	**26**	54
Other payables	**604**	725
	1,599	1,281

20 Current Liabilities - Borrowings

	Consolidated Group	
	2014	2013
	$'000	$'000
Short term borrowings	**21**	201
	21	201

21 Provisions

Consolidated Group	**Annual Leave**	**Long Service Leave**	**Total**
	$'000	**$'000**	**$'000**
Opening balance at 1 July 2012	418	355	773
Additional provisions raised during the year	242	31	273
Amounts used during the year	(423)	(131)	(554)
Balance at 30 June 2013	237	255	492
Opening balance at 1 July 2013	**237**	**255**	**492**
Additional provisions raised during the year	**195**	**72**	**267**
Amounts used during the year	**(178)**	**(4)**	**(182)**
Balance at 30 June 2014	**254**	**323**	**577**
Current Employee Benefit	**254**	**261**	**515**
Non-Current Employee Benefit	**-**	**62**	**62**

22 Non-Current Liabilities - Borrowings

	Consolidated Group	
	2014	2013
	$'000	$'000
Long term borrowings	**48**	-
	48	-

23 Non-Current Liabilities - Deferred Grant Income

	Consolidated Group 2014 $'000	2013 $'000
Deferred grant income	-	3,953
	-	3,953

(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.

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(j) for accounting treatment and the recognition of grant income. The grant funding finished in February 2009.

Having completed the five year reporting period mandated under the grant terms and conditions, the Group has taken up the outstanding balance as other income in the 2014 financial year.

24 Issued Capital

(a) Ordinary shares	2014 Shares	2013 Shares
Opening balance	**801,757,062**	501,098,164
Share rights Issue	**303,525,674**	300,658,898
Total issued ordinary shares	**1,105,282,736**	801,757,062

(b) Movements in ordinary issued capital

Date	Details	Number of shares	Issue price	$'000
1-Jul-12	Opening Balance	501,098,164		145,355
2-May-13	Share rights issue	250,471,153	$0.012	3,006
23-May-13	Share rights issue	50,187,745	$0.012	602
	Less: Transaction costs arising on shares issued.	-		(613)
	FITB from transaction costs	-		184
30-Jun-13	Closing Balance	801,757,062		148,534
1-Jul-13	Opening Balance	801,757,062		148,534
4-Dec-13	Share purchase plan issue	303,525,674	$0.032	9,713
	Less: Transaction costs arising on shares issued.	-		(730)
	FITB from transaction costs	-		219
30-Jun-14	Closing Balance	1,105,282,736		157,736

On the 4th of October 2013 the Company announced a Share Purchase Plan with an issue price of 3.2 cents per share. A total of 303,525,674 shares were issued in December 2013 at $0.032 per share, raising $9.7 million before expenses.

(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.

24 Issued Capital (continued)

(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.

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 2014 and 30 June 2013 are as follows:

		Consolidated Group	
	Note	**2014**	2013
		$'000	$'000
Total borrowings	**20 & 22**	**69**	201
Less cash and cash equivalents		**(9,925)**	(5,218)
Net debt		**(9,856)**	(5,017)
Total equity		**43,624**	23,277
Total capital		**33,768**	18,260
Gearing ratio		**0%**	0%

25 Reserves

	Consolidated Group	
	2014	2013
	$'000	$'000
Share option reserve		
Balance 1 July	**1,054**	1,039
Share option expense	**-**	15
Balance 30 June	**1,054**	1,054

(a) Share option reserve

The share option reserve is used to recognise the fair value of options issued but not exercised. There are currently no options on issue.

Notes to the Financial Statements

For the year ended 30 June 2014

26 Key Management Personnel Compensation

Key management personnel compensation	**2014**	2013
	$ '000	$ '000
Short term employee benefits	**728**	794
Post-employment benefits	**-**	-
Long term benefits	**-**	-
Termination benefits	**-**	30
Share-based payments	**-**	-
	728	824

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

27 Remuneration of Auditors

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

	Consolidated	
	2014	2013
	$'000	$'000
(a) Assurance services		
1. Audit services		
Grant Thornton		
Audit and review of financial reports	**66**	79
2. Other assurance services		
Grant Thornton		
Taxation consulting services	**1**	7
Taxation compliance services	**10**	10
Total remuneration for audit services	**77**	96

28 Commitments

	Consolidated	
	2014	2013
	$'000	$'000
Seafood CRC commitment		
Payable :		
Within one year	**-**	625
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	-	625

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.

28 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 committed the Company to contribute a further $2.5 million cash in the subsequent four years.

The company provided 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.

29 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 2014 9.1% (2013 12.5%) 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 **2014** **$'000**	 2013 $'000
Sales of goods and services		
Australian Tuna Fisheries Pty Ltd	**37**	54
Being for Contract Labour, Quota leases, Fish Purchases, Boat Hire		
Purchase of goods and services		
Australian Tuna Fisheries Pty Ltd	**258**	515
Being for Bait purchases, Contract Labour, Plant Hire, Boat Hire, Towing Expenses, Marina Expenses, Contract Diving, Rent of Net shed		
Stehr Group Pty Ltd	**57**	83
Being for Office Rent		
PSMMR Pty Ltd		
Provision of consulting services	**36**	36
Nick Burrows		
Provision of consulting services	**-**	2
Sanchez Tuna Pty Ltd		
Provision of consulting services	**70**	93

29 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	
	2014	2013
	$'000	$'000
Current receivables		
Australian Tuna Fisheries Pty Ltd	**7**	8
Current payables (purchase of goods & services)		
Australian Tuna Fisheries Pty Ltd	**12**	51
PSMMR	**14**	3

30 Events Occurring After Balance 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	
	2014	2013
	$'000	$'000
Profit/(loss) for the year	**11,145**	(34,457)
Cash flows excluded from profit attributable to operating activities :		
Non-cash flows in profit/(loss)		
Depreciation and amortisation	**1,513**	1,609
Asset impairment	**-**	29,813
Share based payments	**-**	15
(Profit)/Loss on sale on non-current assets	**(48)**	(394)
(Gain)/Loss in fair value of biological assets	**(10,581)**	1,197
Change in operating assets and liabilities:		
Decrease/(Increase) in trade receivables	**(402)**	788
Decrease/(Increase) in other receivables	**(75)**	73
Decrease/(Increase) in prepayments	**(257)**	(64)
Decrease/(Increase) in processed inventory	**(12)**	187
Decrease/(Increase) in feed inventory	**(370)**	585
Decrease/(Increase) in derivative receivable	**46**	(46)
(Decrease)/Increase in trade creditors	**807**	(962)
(Decrease)/Increase in other creditors	**(149)**	(338)
(Decrease)/Increase in borrowings	**(132)**	201
(Decrease)/Increase in provisions	**85**	(281)
(Decrease)/Increase in deferred grant income	**(3,953)**	(48)
Net cash used in operating activities	**(2,383)**	(2,122)

32 Earnings Per Share

	Consolidated Group 2014	2013
(a) Basic earnings per share (cents/share)		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company	**1.15**	**(6.31)**
(b) Diluted earnings per share (cents/share)		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company	**1.15**	**(6.31)**

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

	Consolidated Group 2014 $ '000	2013 $ '000
Basic earnings per share		
Profit/(loss) from continuing operations	**11,145**	(34,457)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**11,145**	(34,457)
Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**11,145**	(34,457)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**11,145**	(34,457)

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

	Consolidated Group 2014	2013
Number for basic earnings per share	**972,061,934**	546,137,763
Effect of potential ordinary shares	**-**	176,230
Number for diluted earnings per share	**972,061,934**	546,313,993

(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 Yellowtail 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 currently scaled back apart from some strategic research projects.

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.
- finance

33 Operating Segments (continued)

(i) Segment performance

	Finfish $ '000	Tuna $ '000	Total $ '000
Twelve months ended 30 June 2014			
Revenue			
Sales	10,397	-	10,397
Other income	4,001	-	4,001
Total segment revenue	14,398	-	14,398
Reconciliation of segment revenue to Group revenue			
Inter-segment elimination	-	-	-
Total Group revenue	14,398	-	14,398
Segment result	6,812	(372)	6,440
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	(1,379)	(134)	(1,513)
• impairment			-
Unallocated items			
• finance			281
Net profit/(loss) before tax from continuing operations			5,208

	Finfish $ '000	Tuna $ '000	Total $ '000
Twelve months ended 30 June 2013			
Revenue			
Sales	14,989	-	14,989
Other income	537	-	537
Total segment revenue	15,526	-	15,526
Reconciliation of segment revenue to Group revenue			
Inter-segment elimination	-	-	-
Total Group revenue	15,526	-	15,526
Segment result	(2,774)	(331)	(3,105)
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	(1,294)	(315)	(1,609)
• impairment	(3,115)	(26,698)	(29,813)
Unallocated items			
• finance			70
Net profit/(loss) before tax from continuing operations			(34,457)

(ii) Segment assets

	Finfish $ '000	Tuna $ '000	Total $ '000
Twelve months ended 30 June 2014			
Segment Assets	43,571	2,298	45,869
Segment asset increases for the period			
• intangible asset - Tuna propagation costs capitalised	-		-
• capital expenditure	1,839	-	1,839
	1,839	-	1,839
Reconciliation of segment assets to Group assets			
Unallocated assets			
• intangible assets			-
Total Group assets from continuing operations			45,869

Notes to the Financial Statements

For the year ended 30 June 2014

33 Operating Segments (continued)

(ii) Segment assets (continued)

	Finfish	Tuna	Total
Twelve months ended 30 June 2013	$ '000	$ '000	$ '000
Segment Assets	23,130	6,074	29,204
Segment asset increases for the period			
• intangible asset - Tuna propagation costs capitalised	-	1,050	1,050
• capital expenditure	459	74	533
	459	1,124	1,583
Reconciliation of segment assets to Group assets			
Unallocated assets			
• intangible assets			-
Total Group assets from continuing operations			29,204

Following a restructure assets transferred to the fin-fish segment have been reallocated for use in the Kingfish business. The change in asset allocation reflects the changed use of the assets

(iii) Segment liabilities

	Finfish	Tuna	Total
Twelve months ended 30 June 2014			
Segment liabilities	2,245	-	2,245
Reconciliation of segment liabilities to Group liabilities			
Unallocated liabilities			
• deferred tax liabilities	-	-	-
Total Group liabilities from continuing operations	2,245	-	2,245
Twelve months ended 30 June 2013	$ '000	$ '000	$ '000
Segment liabilities	1,974	3,953	5,927
Reconciliation of segment liabilities to Group liabilities			
Unallocated liabilities			
• deferred tax liabilities	-	-	-
Total Group liabilities from continuing operations	1,974	3,953	5,927

(iv) Revenue by geographic region

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

	Note	Consolidated Group 2014 $ '000	2013 $ '000
Australia		**7,728**	10,559
United States of America		**-**	98
Europe		**2,113**	3,366
Asia		**147**	313
Total revenue	**3**	**9,988**	14,336

(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 7% (2013: 6%) of external revenue. The next most significant customer accounts for 4% (2013: 5%) of external revenue.

Notes to the Financial Statements

34 Financial Assets and Liabilities

(a) Categories of financial assets and liabilities

Financial Assets	Note	Cash	Receivables	Total
30 June 2014				
Trade and other receivables	8	**-**	**880**	**880**
Cash and cash equivalents	7	**9,925**	**-**	**9,925**
		9,925	**880**	**10,805**

Financial Liabilities	Note	Other Liabilities	Total
30 June 2014			
Current borrowings	20	**21**	**21**
Trade and other payables	19	**1,599**	**1,599**
Non-current borrowings	22	**48**	**48**
		1,668	**1,668**

Financial Assets	Note	Cash	Receivables	Total
30 June 2013				
Trade and other receivables	8	-	403	403
Cash and cash equivalents	7	5,218	-	5,218
		5,218	403	5,621

Financial Liabilities	Note	Liabilities	Total
30 June 2013			
Current borrowings	20	201	201
Trade and other payables	19	1,281	1,281
Non-current borrowings	22	-	-
		1,482	1,482

(b) Other Financial Instruments

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

trade and other receivables
cash and cash equivalents
trade and other payables

35 Fair Value Measurement

(a) Fair value measurement of non-financial instruments

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

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

35 Fair Value Measurement (continued)

(a) Fair value measurement of non-financial instruments (continued)

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2014:

Financial Assets	Level 1	Level 2	Level 3	Total
30 June 2014				
Biological assets	-	17,001	-	17,001
Bluefin quota	-	200	-	200
Finfish broodstock	-	244	-	244
	-	17,445	-	17,445

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 three weeks post balance date. At 30 June 2014 the Company has 1,308,648 kilograms of fish in water held for sale valued at $17,001,197 (30 June 2013 : 477,646 kilograms valued at $6,419,576).

36 Contingent Liabilities

There are no contingent liabilities outstanding at present.

37 Clean Seas Tuna Ltd Parent Company Information

	2014 $ '000	2013 $ '000
Parent entity		
Assets		
Current assets	9,007	5,010
Non-current assets	22,720	23,414
Total assets	31,727	28,424
Liabilities		
Current liabilities	843	5,119
Non-current liabilities	16	28
Total liabilities	859	5,147
Net assets	30,868	23,277
Equity		
Issued	157,736	148,534
Retained earnings	(127,922)	(126,311)
Reserves		
Share option reserve	1,054	1,054
Total equity	30,868	23,277
Financial performance		
Profit/(loss) for the year	7,386	(27,010)
Other comprehensive income	-	-
Total comprehensive income	7,386	(27,010)

Guarantees in relation to the debts of the subsidiary

There are no guarantees in place at present.

Contractual commitments

See note 28.

Directors' Declaration

For the year ended 30 June 2014

1 In the opinion of the Directors of Clean Seas Tuna Limited:

a. The consolidated financial statements and notes of Clean Seas Tuna Limited are in accordance with the Corporations Act 2001, including

i. Giving a true and fair view of the financial position as at 30 June 2014 and of its performance for the year ended on that date; and

ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. There are reasonable grounds to believe that Clean Seas Tuna Limited will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 30 June 2014.

3 Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors:

On behalf of the Directors

P. Steere
Chairman

Adelaide
14 August 2014

Level 1,
67 Greenhill Rd
Wayville SA 5034

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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 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

Auditor's opinion
In our opinion:

a the financial report of Clean Seas Tuna Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Partner – Audit & Assurance

Adelaide, 14 August 2014

Additional Securities Exchange Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out, as at 29 July 2014, below:

Number of holder of equity securities

Ordinary share capital (quoted)
1,105,282,736 fully paid ordinary shares are held by 7,723 shareholders.
At a general meeting , every shareholder present in person or by proxy, attorney of representative has one vote on a show of hands and upon a poll one vote for each fully paid share.

Number of equity securities held

Category	Ordinary shares
1-1,000	520
1,001-5,000	1,193
5,001-10,000	878
10,001-100,000	3,512
100,001+	1,620

The number of shareholders holding less than a marketable parcel of 8,929 fully paid ordinary shares on 29 July 2014 was 2,209 and they hold 7,022,656 fully paid ordinary shares.

Substantial Shareholders
The number of shares held by substantial shareholders and their associates as listed in the Company's register of substantial shareholders as at 29 July 2014 was:

	Number of shares held
Australian Tuna Fisheries Pty Ltd	101,064,972

Shareholders Enquiries/ Change of Address
Shareholders wishing to enquire about their shareholdings, dividends or change their address should contact the Company's share register.

Other Information
Clean Seas Tuna Ltd , incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Additional Securities Exchange Information

Additional information continued

Twenty Largest Security Holders by Class of Security as at 29 July 2014.

Ordinary shares	Number of ordinary shares held	%
Australian Tuna Fisheries Pty Ltd	98,191,042	8.9%
J P Morgan Nominees Australia Limited	55,213,905	5.0%
HSBC Custody Nominees (Australia) Limited	28,122,267	2.5%
Mr Jamie Lewis	14,500,000	1.3%
Mr Ermanno Feliciani	10,833,333	1.0%
Mr Matthew Rowe & Mrs Lesley Rowe	7,781,620	0.7%
Citicorp Nominees Pty Limited	7,407,137	0.7%
RDLK Pty Ltd <Red Lake S/F A/C>	7,000,000	0.6%
4 Eyes Limited <Worsley Family A/C>	6,660,000	0.6%
Mr Michael John O'Neill & Mrs Rebecca Joan O'Neill	6,500,000	0.6%
Walpole Enterprises Pty Ltd	5,990,153	0.5%
Mr Leon Gaffney	5,583,291	0.5%
Hans And Delwyn Pty Limited	5,349,465	0.5%
Simplot Australia Pty Limited	5,231,250	0.5%
Mr Jason Conrad Squire <The Jasqui A/C>	5,000,000	0.5%
Mrs Hui-Chen Tsai	4,449,919	0.4%
Yong International Investments Pty Ltd	4,449,465	0.4%
Mr Craig Kenneth Foster	4,416,131	0.4%
HSBC Custody Nominees (Australia) Limited - A/C 2	4,203,777	0.4%
Mrs Jane Christabel Kidman <Jane Kidman A/C>	4,075,680	0.4%

The twenty largest share holders held 290,958,435 (2013: 248,068,655) shares equal to 26.3% (2013: 30.9%) of the total issued, 1,105,282,736 (2013: 801,757,062 ordinary shares.

On Market Buy Back

There is no current on market buy back.