



Appendix 4E
Clean Seas Tuna Limited
ABN 61 094 380 435
Preliminary Consolidated Final Report Financial
Year Ended 30 June 2011

Results for announcement to the market:

Results		% Change	\$'000
Revenues from ordinary activities	Down	(1%)	39,043
Profit/(loss) from ordinary activities before tax	Up	(41%)	(14,731)
Net profit/(loss) for the period attributable to members	Down	107%	(32,361)
Earnings per share (cents per share)	Down	(53%)	(7)
Dividends			
There will not be a dividend declared or paid for the Year Ended 30 June 2011			

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

18 August 2011

Company Announcement

Australian Securities Exchange Limited

CLEAN SEAS TUNA LIMITED (CSS): FINANCIAL RESULTS COMMENTARY

Clean Seas Tuna Ltd (“Clean Seas”) today announced a pre-tax loss of \$14.7 million from operations in the 12 months ended 30 June 2011. This is a significant improvement on the pre-tax loss of \$24.8 million for the previous financial year and is within the guidance range provided to the market in April 2011.

The improvement in operating results has resulted from the ongoing cost reduction initiatives, improved productivity and increased farmgate prices achieved by the Kingfish business.

The increase in farmgate prices was particularly pleasing given the appreciation of the Australian dollar and the high percentage of export sales compared to domestic sales.

The after-tax loss for the year ended 30 June 2011 was \$32.4 million owing to a write-off of \$17.6 million of future tax benefits associated with carried forward tax losses. The Board’s decision to write off such benefits was due to the uncertainty as to when the tax losses would be realised. The tax losses remain available to the company and will mean that tax will not be paid for some time after Clean Seas becomes profitable.

The Company provides the following update to shareholders with regard to the full year results for FY2011, and the present status of the Kingfish business and the Southern Bluefin Tuna (“SBT”) breeding program.

1. FY2011 Results

The Company’s full year loss before tax was in the mid range of the guidance provided to the market on 29 April 2011. The 2H2011 operating loss of \$1.5 million was a pleasing result and indicative of the impact that the Company’s strategy of reducing production levels to market demand is having on the results.

The 2010-2011 operating results were positively impacted by:

- an increase in farmgate prices for Kingfish of over 15 per cent on FY2010 despite the appreciation of the Australian dollar;



- demand outweighing supply over the past three months, reflecting the strategy that the Company embarked on late in 2009 in order to turn the Kingfish business towards profitability;
- greater consumer knowledge and understanding of Kingfish, in turn creating demand due to the strong marketing programmes of FY2010 and FY2011;
- the ability to target the Clean Seas branded product to premium markets/customers; and
- continuous Company-wide efforts striving for on-going cost savings and productivity gains.

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

- write-downs of the discontinued retail product range;
- lost growth due to higher than budgeted mortalities and colder than average water temperatures; and
- the strong Australian dollar.

A most pleasing aspect of the improved operating performance was that the Company's Kingfish business was cash-flow positive for the full year FY2011. This was achieved through the one-off sell down of excess inventory and the farmgate price increases and cost saving measures previously referred to.

Importantly, the Company anticipates the Kingfish business will remain cash-flow positive for the coming financial year and that its balance of production to sales, together with further reductions in operating costs, will bring the Kingfish business closer to being a long term sustainable and profitable business.

The Company is also pleased to announce that at 30 June 2011 it had a bank balance of \$7.4 million.

Development costs associated with Clean Seas' primary goal of commercialising the closure of the SBT lifecycle continue to be capitalised, and accordingly have not impacted the 2011 result.

2. SBT Breeding Program

As previously announced to the market, Clean Seas achieved a world first for SBT when it successfully transferred 149 juvenile SBT fingerlings into a sea cage in March 2011. The high transfer survival rate was extremely pleasing as was the growth of the juveniles until they naturally succumbed to the cold ocean temperatures. The fact that the oldest fish survived to some 160 days post hatch in declining water temperatures bodes well for the coming seasons. The Company is particularly pleased with the lighting and diet trials that were conducted. The lessons learned from these will be instrumental to the future commercial success of the project.

The Company's aim is to bring the spawning season forward year-by-year until the spawning commences in October and juveniles are able to be transferred to sea cages when the water temperatures are still on the rise. This will enable improved growth and the Company is confident that

greater survival will be achieved with bigger juveniles going into the winter months - as has been the experience with the Northern Bluefin Tuna spawned in Japan.

Clean Seas is well underway with preparations for a December 2011 spawning cycle. In April of this year a further 11 SBT broodstock were transferred into the on-shore broodstock facility and they have settled in well with the existing cohort and have been schooling tightly.

Furthermore, the program for planned SBT larval rearing over the 2011/12 summer is well advanced and resourced and the Company's staff is motivated to improve on the success of the 2011 season. Trials this season will concentrate on early larval rearing survival, live feeds and earlier weaning.

The Company continues to be the key private participant in Seafood CRC Ltd and this relationship is supported by an Industry Partnership Agreement with Fisheries Research and Development Corporation (FRDC). Extensive SBT research programs for the coming three years have been developed with the CRC and FRDC to complement the Company's own research and development activities, facilities and personnel. Dr Bennan Chen has been appointed as the Research & Development Manager for the remainder of the CRC program. Dr Chen, who previously was employed by SARDI, has been working for SARDI on the project team over the past three years. He brings us considerable research experience as well as practical larval rearing skills.

Clean Seas will continue its research relationships with Kinki University, SARDI and NSW DPI. It is pleasing to add that six of our employees have spent time with Kinki University during their Northern Bluefin Tuna larval rearing season of July/August 2011 and we look forward to welcoming back the Kinki University researchers during our spawning season.

Overall, the Company is confident that it will achieve significant progress with SBT juvenile production at both Arno Bay in South Australia and at its research partner sites. It is expected that a greater number of SBT fingerlings will be successfully transferred to sea cages for experimental grow out in 2012.

3. Kingfish Operations

The Clean Seas strategy of reducing its Yellowtail Kingfish fingerling production to 700K over the past two seasons is enabling the Company to progressively improve its financial performance with this species. The major highlights of this species' performance are detailed in section 1 above.

The Company aims to continue with its operational improvements in order to attain long term sustainable profitability for Kingfish. To achieve this, the major operating parameters for FY2012 include:

- Maintaining the balance of production to sales, with demand exceeding supply.
- Further improvements in average net farmgate sale prices (both domestic and export) which increased by over 15% during FY2011.
- Production costs will continue to be reduced as a consequence of a number of key actions including:-



- Acquisition of a further two robotic in-situ net cleaners. The cleaner currently in use has resulted in a significant reduction in the frequency of net changing and having a net cleaner at all sites will further reduce labour costs.
- Further development of a practical feed research farm where science-driven feeding regimes for each year class of Kingfish production will be developed. This program is targeted at improving FCRs as feed costs are the Company's major expense. Positive progress is now being achieved.
- A scientific approach to fallowing, with longer marine lease fallowing times and greater usage of deeper water sites. This will aid in reducing mortalities as well as reduce the bathing treatments required to control certain parasites.
- The earlier introduction of Kingfish fingerlings into sea cages. In the past few seasons the last intakes have occurred post-Christmas, which gives less growing time before colder water temperatures minimise growth and lead to greater mortalities. With all fingerlings being transferred to sea cages pre-Christmas, there will be greater growing time before the colder sea temperatures occur.

Overall, the Company believes it is now on track for the Yellowtail Kingfish business to remain cash flow positive for FY2012 and then move to profitability.

4. Other Matters

For Clean Seas, FY2011 has seen positive advancements with both the SBT breeding project and the Kingfish business.

Whilst the financial rewards from these projects are yet to be realised, the Company believes that it is now well placed to significantly advance its progress with the commercialisation of SBT aquaculture and the establishment of Kingfish as a viable long term premium species.

In the absence of unforeseeable environmental impacts, the Company anticipates a further reduction in operating losses for FY2012 as it advances towards profitable operations.

Clifford Ashby
Managing Director

Media contacts:-

Clifford Ashby
Managing Director
(08) 8621 2900

John Field
Field Public Relations
(08) 8234 9555, (0418) 819 527





Clean Seas Tuna Ltd

ABN 61 094 380 435

Financial Report

For The 12 Months Ended 30 June 2011

Table of Contents

Directors' Report	4
Corporate Governance Statement	15
Consolidated Statement of Comprehensive Income	26
Statement of Financial Position	27
Statement of Changes in Equity	28
Statement of Cash Flows	29
Notes to the Financial Statements	30
Independent Audit Report	68

Corporate Directory

Directors	J Ellice-Flint BSc(Hons), (NE), Adv Manag(Harvard Bus Sc) <i>Chairman</i> C Ashby B.Comm ACA <i>Managing Director</i> P Housden BCom (Hons), FCPA, FAICD <i>Independent Non-Executive Director</i> H H Stehr AO <i>Non-Executive Director</i> M A Stehr <i>Executive Director</i> P Steere <i>Independent Non-Executive Director</i> P Robinson FCA <i>Alternate director for H Stehr</i>
Company Secretary	F Knight CPA
Executives	C Ashby <i>Chief Executive Officer</i> F Knight <i>Chief Financial Officer & Company Secretary</i> M Deichmann <i>General Manager - Hatcheries</i> M Stehr <i>Director of Marine Operations</i> M Thomson <i>R&D Manager</i> J Browne <i>Human Resource Manager</i>
Principal registered office in Australia	7 North Quay Boulevard, Port Lincoln Port Lincoln SA 5606 Ph: (08) 8621 2910 Fax: (08) 8621 2990 Email : reception@cleanseas.com.au
Share register	Boardroom Pty Ltd Level 7, 207 Kent Street Sydney NSW 2000 Ph: 1300 737 760 Fax: 1300 653 459 Email : enquiries@boardroomlimited.com.au
Auditor	Grant Thornton Level 1, 67 Greenhill Road Wayville SA 5034
Stock exchange listings	Clean Seas Tuna Limited shares are listed on the Australian Securities Exchange.
Website address	www.cleanseas.com.au

Directors' Report

For the year ended 30 June 2011

Your directors present their report together with the Financial Report of Clean Seas Tuna Limited for the year ended 30 June 2011, and the auditor's report there on.

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:

C Ashby
J Ellice-Flint
P Housden (appointed 14 December 2010)
Sir T O'Regan (resigned 15 March 2011)
P Steere
H H Stehr AO
M A Stehr
P Robinson

Principal Activities

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

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

Review of Operations

The net loss pre income tax for the financial year attributable to the members of Clean Seas Tuna Ltd amounted to \$14,731,000 (2010 - \$24,775,000) i.e. a reduction of 40.5% for the year which falls within the anticipated range advised to the ASX on 29 April 2011.

As advised in the ASX announcement on 29 April 2011 the company has written off future income tax benefits of \$17,630,000 (2010 - \$9,124,000 credited to earnings) due to uncertainty as to the rate at which these benefits will be realised, thereby increasing the reported after tax loss for the year to \$32,361,000 (FY2010 - \$15,651,000 post tax benefit). The write off does not have an impact on cash flow and the directors remain confident that the benefits of the tax losses should be realised in the future, but they are uncertain as to the timing of such realisation hence the prudent write off.

Significant further reductions in operating losses are anticipated for FY2012 as a consequence of the company's policy of rebalancing kingfish production with demand, continuing improvement in farmgate prices being achieved and reductions in production costs as a consequence of fallowing and improved fish husbandry practices.

Dividends Paid or Recommended

The Directors have declared that no dividend be paid for the year ended 30th June 2011.

Significant Changes in State of Affairs

The following significant changes on the state of affairs of the entity occurred during the financial year:

On 7 March 2011 the company announced a placement of 62.7 million shares to a cornerstone investor. The shares were issued at \$0.11 per share, raising \$6.9 million.

Matters Subsequent to the End of the Financial Year

The directors of the company do not believe there are any events after the balance date that would have a material effect on the financial statements as presented.

Directors' Report

For the year ended 30 June 2011

Future Developments, Prospects and Business Strategies

Significant further reductions in operating losses are anticipated for FY2012 as a consequence of the company's policy of rebalancing kingfish production with demand, continuing improvement in farmgate prices being achieved and reductions in production costs as a consequence of following and improved fish husbandry practices.

Environmental Regulation and Performance

Regulated areas of the operation are as follows:

The Arno Bay and Port Augusta Hatcheries operate under an Aquaculture Land based Category C License issued by The South Australian Minister for Agriculture, Food and Fisheries under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture 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.

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

Information on Directors

Mr. John Ellice-Flint BSc(Hons), (NE), Adv Manag(Harvard Bus Sc) (Non-Executive Chairman)

Mr John Ellice-Flint was appointed to the Company Board on 1st December, 2009.

Mr Ellice-Flint's substantial experience and knowledge comes from a career in the international oil and gas industry, and 28 years working with an American multinational company.

He has been Chairman of the South Australian Museum since 2002, Chief Executive Officer and Managing Director of Santos Limited (ASX listed) until mid 2008 and a recent member of the Energy Governors of the World Economic Forum, a body which meets annually to discuss global issues in relation to energy in all its facets, including climate change.

John brings substantial commercial experience, skills and scientific discipline to the Board and was instrumental in the strategic turnaround of Santos.

Mr. Hagen Stehr AO (Non-Executive Director)

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

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

He is currently a Board member of the South Australian Government's Aquaculture Advisory Council. Mr Stehr has been Chairman of the South Australian Fishing and Seafood Industry Training Council for 23 years. He was a founding member of Australian Bight Seafood in 1971, and a founding member of the Australian Tuna Boat Owners Association. Mr Stehr has been chair of the South Australian Marine Finfish Farmers Association, the peak body for the sea farming industry. Since 1997 he has been the Chairman of the Australian Maritime and Fisheries Academy.

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

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

Directors' Report

For the year ended 30 June 2011

Information on Directors (continued)

Mr. Clifford Ashby B.Comm ACA (Managing Director)

Appointed as Chief Executive Officer in April 2009, Mr Clifford Ashby was appointed Managing Director on 1 December 2009.

Mr Ashby is a qualified chartered accountant in both Australia and South Africa and has a Bachelor of Commerce from the University of Cape Town. He has a strong management background and was managing director and general manager of a listed horticultural company in Australia for 12 years. Prior to this he garnered experience from a corporate finance career in South Africa, the United Kingdom and Australia.

He has previously served on the South Australian Premier's Food Council, the Citrus Industry National Leadership Group, the Citrus to China Advisory and Steering Committee, the executive of Food Adelaide and been a director on numerous private company Boards.

Mr. Marcus Stehr (Executive Director)

Appointed as a Director upon incorporation in September 2000, his technical qualifications include Master Class 4 and Master Class 5 Skippers certificates, MED 1 and Dive Master Certificates. Commercial qualifications include business management courses spanning Post Graduate studies in Business and completion of the Company Director's course in 2007.

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

Mr. Paul Steere (Non-Executive Director)

Mr Paul Steere was appointed to the Company Board on 20th May 2010.

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

Prior to joining NZ King Salmon, Mr Steere served in senior executive roles with the NZ Dairy Board and a British International Trader.

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

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

Directors' Report

For the year ended 30 June 2011

Information on Directors (continued)

Mr. Peter Housden (Non-Executive Director)

Mr Peter Housden was appointed to the Company Board on 14th December, 2010.

Mr Housden has over 40 years experience in accounting, finance and management across a range of industries. His executive career has included roles as CFO/Company Secretary of MIA Ltd, Executive Director Finance for RGC Ltd, Executive Director and CFO for Australian Chemical Holdings Ltd and various roles in Metal Manufactures, Esso Australia and BHP.

Mr Housden holds a Bachelor of Commerce (Hons), Newcastle University and is a fellow of the Australian Institute of Company Directors as well as a fellow of CPA Australia.

Currently, Mr Housden is a Director of GrainCorp Limited (ASX listed) , Chairman of Royal Wolf Holdings Limited (ASX listed), a Board member at Sparke Helmore - lawyers and a member of the audit and Risk Committee of Housing NSW.

Mr Housden's past non-executive Board roles have included iSoft Group Limited, Kaz Group Ltd, Sino Gold Mining Ltd, China Holidays Travel Group (Holdings) Pty Ltd and DataDot Technology Ltd. In each case Mr Housden is or was either Chair or a member of the Audit Committee.

Mr. Paul Robinson (Non-Executive 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. Frank Knight

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

Directors' Report

For the year ended 30 June 2011

Meetings of Directors

During the reporting period, there were 11 scheduled meetings of Directors, 5 scheduled formal meetings of the Environmental, Health & Safety Committee, 5 scheduled formal meetings of the audit and Remuneration Committee and 4 scheduled formal meetings of the Risk Committee held.

	Directors' Meeting Held/Attended	Environmental, Health & Safety Held/Attended	Audit/Rem Held/Attended	Risk Held/Attended
J Ellice-Flint	11/(11)	5/(5)	5/(5)	4/(4)
H Stehr	11/(11)*	5/(2)	-	-
C Ashby	11/(11)	-	-	-
M Stehr	11/(10)	-	-	-
T O'Regan	8/(7)	-	-	-
P Steere	11/(11)	5/(4)	5/(5)	4/(4)
P Housden	6/(6)	-	4/(4)	2/(2)

* Paul Robinson attended three Directors' Meetings and one Audit & Remuneration Committee Meeting as alternate for Mr Hagen Stehr.

Interests in shares and options of the entity

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

	Ordinary Shares	Options over Ordinary Shares
J Ellice-Flint	1,060,000	Nil
H Stehr	95,774,910	Nil
C Ashby	Nil	Nil
M Stehr	352,500	300,000
P Housden	Nil	Nil
P Steere	Nil	Nil
P Robinson	258,454	Nil

94,459,285 of the ordinary shares attributed to H.Stehr are beneficially held by Australian Tuna Fisheries Pty Ltd.
1,265,625 of the ordinary shares attributed to H.Stehr are beneficially held by Stehr Group Pty Ltd.

In November 2007 the shareholders at the annual general meeting approved the further issue of options to directors.

From the options issued 300,000 are in escrow until November 2012.

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

Date Granted	Expiry Date	Issue Price of Shares	Number Under Option
20-Dec-07	31-Jan-13	\$ 3.00	300,000
			<u>300,000</u>

Total options on issue as at 30 June 2011 is 550,000.

Directors' Report

For the year ended 30 June 2011

Indemnification and Insurance of Directors and Officers

Under Clause 51 of the company's constitution, each of the company's directors, the Company Secretary and every other person who is an officer is indemnified to the extent permitted by law. The terms of the insurance contract prohibit the company from disclosing the level of premium paid.

Each Director has entered into a Deed of Indemnity and Access which indemnifies a director against liabilities arising as a result of acting as a director subject to certain exclusions and provides for related legal costs to be paid by the Company. The Deed requires the Company to maintain an insurance policy against any liability incurred by a director in his or her capacity as a director during that person's term of office and 7 years thereafter. It also provides a director with a right of access to Board papers and other documentation while in office and for 7 years thereafter.

Proceedings on Behalf of Company

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

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

Non-audit Services

The following non-audit services were provided by the company's auditor, Grant Thornton. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Grant Thornton received or are due to receive the following amounts for the provision of non-audit services:

	2011	2010
	\$'000	\$'000
Taxation consultation services	4	4
Taxation compliance services	16	17

Auditor's Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 has been received and can be found on page 25.

Rounding of Amounts

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

Signed in accordance with a Resolution of the Board of Directors.



John Ellice-Flint
Chairman

Date 18 August 2011

Directors' Report

For the year ended 30 June 2011

Remuneration Report - Audited

(a) Remuneration policy

This report details the nature and amount of remuneration for each director of Clean Seas Tuna Limited and for the key management personnel.

The remuneration policy of Clean Seas Tuna Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component as well as specific long-term incentives based on key performance areas affecting the company's operations and financial results. The Board of Clean Seas believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company, as well as create goal synergies between directors, executives and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the entity is as follows:

- (i) The remuneration policy, setting the terms and conditions for the executive director and senior executives, was developed by the audit and remuneration committee and approved by the Board.
- (ii) All executives receive a base salary, which is determined with reference to experience and responsibilities, superannuation, benefits and performance incentives, which may be option or cash based.
- (iii) The audit and remuneration committee reviews executive packages annually by reference to the company's performance and the executive's performance.

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

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The audit and remuneration committee determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by the shareholders at the Annual General Meeting. The amount currently approved is \$360,000 per annum. Fees for non-executive directors are not directly linked to the performance of the entity.

Performance Based Remuneration

As part of some executive's remuneration package there is a performance based component consisting of cash and options for outcomes based events. The intention of this remuneration package is to align executive goals with that of the business and shareholders. With respect to the cash component, the KPI's are set annually with a certain level of 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 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 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 set for the following year.

Board and Executive Performance review

Management have regular performance reviews and the Board monitors its performance annually against the criteria of the budget, interaction with key executives and improvements in shareholder value.

Directors' Report

For the year ended 30 June 2011

Remuneration Report (continued)

Performance income as a proportion of total remuneration

Executives are paid performance bonuses based on varying criteria. This has led to the proportions of remuneration related to performance varying between individuals. The audit and remuneration 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 audit and remuneration 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.

(b) Employment contracts

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

C Ashby, Managing Director

Base salary inclusive of superannuation for the year ended 30 June 2011 of \$365,150, to be reviewed annually by the audit and remuneration committee.

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

Provision of a fully maintained vehicle.

Bonus scheme, as at 30 June 2011 the employee is eligible for the following performance based remuneration:

20% of his base salary if the company achieves an EBITDA of \$6 million.

An additional 30% of his base salary if the company achieves an EBITDA of \$8 million.

100,000 options to purchase shares in the company upon completion of three years continual service.

M Stehr, Director Marine Operations

Base salary inclusive of superannuation for the year ended 30 June 2011 of \$261,720, to be reviewed annually by the audit and remuneration committee.

Provision of a fully maintained vehicle

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

M Deichmann, General Manager Hatcheries

Base salary inclusive of superannuation for the year ended 30 June 2011 of \$218,000, to be reviewed annually by the audit and remuneration committee.

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

Bonus scheme, as at 30 June 2011 the employee is eligible for the following performance based remuneration:

Transfer of 5,000 Southern Bluefin Tuna fingerlings to sea cages.

\$70,000 and 150,000 \$0.50 share options.

Production of Kingfish fingerlings.

10% of base salary if production target is reached.

Directors' Report

For the year ended 30 June 2011

Remuneration Report (continued) (b) Employment contracts (cont)

F Knight, Company Secretary and CFO

Base salary inclusive of superannuation for the year ended 30 June 2011 of \$161,218, to be reviewed annually by the audit and remuneration committee.

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

Michael Thomson, R & D Manager

Base salary inclusive of superannuation for the year ended 30 June 2011 of \$132,220, to be reviewed annually by the audit and remuneration committee.

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

Options Granted as Remuneration

No options were granted during the 2011 financial year.

Directors' Report

For the year ended 30 June 2011

Remuneration Report (continued)

(c) Key management Personnel Remuneration

Directors

2011

C Ashby
J Ellice-Flint
P Housden
T O'Regan
P Robinson
P Steere
H Stehr
M Stehr

Note

Short Term Benefits			
Salary	KPI Bonus	Benefits	Directors fees
\$'000	\$'000	\$'000	\$'000
365	-	47	-
-	-	-	120
-	-	-	33
-	-	-	45
-	-	-	-
-	-	-	60
-	-	-	60
262	-	5	-
627	-	52	318

Directors

2011 (cont'd)

C Ashby
J Ellice-Flint
P Housden
T O'Regan
P Robinson
P Steere
H Stehr
M Stehr

Note

Post Employment benefits	Share Based payment		Total Benefits	Performance Related
	Shares	Options	Total	
\$'000	\$'000	\$'000	\$'000	%
-	-	-	412	-
-	-	-	120	-
-	-	-	33	-
-	-	5	50	-
-	-	-	-	-
-	-	-	60	-
-	-	9	69	-
-	-	213	480	-
-	-	227	1,224	-

Key Management Personnel

2011

J Browne
J Ciura
M Deichmann
F Knight
M Thomson

Short Term Benefits		
Salary	KPI Bonus	Benefits
\$'000	\$'000	\$'000
105	-	4
142	-	-
212	20	16
172	-	6
120	-	-
751	20	26

Key Management Personnel

2011 (cont'd)

J Browne
J Ciura
M Deichmann
F Knight
M Thomson

Post Employment benefits	Share Based payment		Total Benefits	Performance Related
	Shares	Options	Total	
\$'000	\$'000	\$'000	\$'000	%
-	-	-	109	-
-	-	-	142	-
-	-	-	248	8%
-	-	-	178	-
-	-	-	120	-
-	-	-	797	-

Directors' Report

For the year ended 30 June 2011

Remuneration Report (continued)

Directors

2010

C Ashby
J Ellice-Flint
I McLachlan
T O'Regan
P Robinson
P Steere
H Stehr
M Stehr

Note

Short Term Benefits			
Salary	KPI Bonus	Benefits	Directors fees
\$'000	\$'000	\$'000	\$'000
301	-	8	-
-	-	-	70
-	-	-	45
-	-	-	60
-	-	-	-
-	-	-	8
-	-	-	94
271	-	-	-
572	-	8	277

Directors

C Ashby
J Ellice-Flint
I McLachlan
T O'Regan
P Robinson
P Steere
H Stehr
M Stehr

Note

Post Employment benefits	Share Based payment		Total Benefits	Perform-ance Related
	Shares	Options	Total	
\$'000	\$'000	\$'000	\$'000	%
-	-	-	309	-
-	-	-	70	-
-	-	8	53	15%
-	-	8	68	12%
-	-	27	27	100%
-	-	-	8	-
-	-	16	110	15%
-	-	168	439	38%
-	-	227	1,084	

Key Management Personnel

2010

J Ciura
M Deichmann
F Knight
C Wilkes

Short Term Benefits			
Salary	KPI Bonus	Benefits	
\$'000	\$'000	\$'000	
133	-	-	
173	-	16	
151	-	16	
153	-	-	
610	-	32	

Key Management Personnel

2010 (cont'd)

J Ciura
M Deichmann
F Knight
C Wilkes

Post Employment benefits	Share Based payment		Total Benefits	Perform-ance Related
	Shares	Options	Total	
\$'000	\$'000	\$'000	\$'000	%
-	-	-	133	-
-	-	-	189	-
-	-	-	167	-
-	-	-	153	-
-	-	-	642	

(a) Directors fees for H Stehr, T O'Regan and P Housden were paid to companies associated with the Directors.

(b) Consulting fees of \$76,000 were paid to PSMR Pty Ltd (2010 - \$228,000 - Capital Strategies Pty Ltd), an associated company of Paul Robinson (Alternate Director).

Corporate Governance Statement

Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2011.

Clean Seas Tuna and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Group and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices formally came into effect after the company was publicly listed on ASX. Unless disclosed below, the practices comply with the ASX Corporate Governance Principles and Recommendations (including 2010 Amendments).

Principle 1: Lay solid foundations for management and oversight

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.

The responsibilities and functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer (CEO) and the CEO's direct reports;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Group's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies;
- performing such other functions as are prescribed by law or are assigned to the Board.

Corporate Governance Statement

Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out in its charter. The charter details the Board's composition and responsibilities

Board composition

The Board is appointed by the shareholders. Non-executive directors are engaged through a letter of appointment.

The Board determines the size and composition of the Board, subject to the terms of the company's constitution, and will seek, but shall not be bound by, a recommendation from the audit and remuneration committee in connection with such determination.

During the full period the company did not comply with Recommendation 2.1. , that the Board has a majority of independent directors. The company does not comply with this recommendation for the following reasons. Given the size and status of Clean Seas, a six member Board is seen as sufficient for current requirements.

The company's existing Board is made up of people with many years experience in primary production with the majority of that experience being within the fishing industry. These Board members have the expertise to set the strategic direction of the company and the access and industry knowledge to question executive management. Mr Hagen Stehr and Mr Marcus Stehr have major interests in the company which the Board believes aligns general shareholder aspirations with the entity's aims.

The Board, together with the audit and remuneration committee, will review the skills represented by directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Group's strategy, subject to limits imposed by the constitution and the terms served by existing non-executive directors.

Directors' independence

The Board has adopted specific principles in relation to directors' independence. The Board regularly reviews the independence of each non-executive director in light of information relevant to this assessment as disclosed by each non executive director to the Board.

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of directors.

In general, directors will be considered to be 'independent' if they are not members of management (a non-executive director) and they:

are not material shareholders of the company, or officers of, or otherwise associated directly or indirectly with, material shareholders of the company;

have not within the last 3 years been employed in an executive capacity by the company or another Group member;

were not appointed as a director of the company within 3 years of ceasing to be employed in an executive capacity by the company;

except in connection with reorganisations within the Group, have not within the last 3 years been a principal or employee of a material professional adviser or a material consultant to the company or another Group member;

Corporate Governance Statement

Principle 2: Structure the Board to add value (continued)

- _ are not a material supplier to or customer of the company or other Group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- _ have no material contractual relationship with the company or another Group member, other than as a director of the company; and
- _ are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

Materiality thresholds

The Board will consider thresholds of materiality for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- _ The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the company's shares to be material.

In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed by the Board.

Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Group.

Board members

Details of the members of the Board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the directors' report under the heading 'Information on directors'. At the date of signing the directors' report, there are two executive directors and four non-executive directors, three of whom have no relationships adversely affecting independence and so are deemed independent under the principles set out above:

Non-executive directors

The four non-executive directors met two times during the year, in scheduled sessions without the presence of management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings were shared with the full Board.

Term of office

The Group's constitution specifies that one third of directors must retire from office no later than the third annual general meeting (AGM) following their last election. The Managing Director is exempt from this condition.

Corporate Governance Statement

Principle 2: Structure the Board to add value (continued)

Chair and chief executive officer (CEO)

The Chair is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives. In accepting the position, the Chair has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder his effective performance in the role of Chair.

The CEO is responsible for implementing Group strategies and policies. The Board charter specifies that these are separate roles to be undertaken by separate people.

Conflict of interests

In accordance with the Board charter, the directors are required to declare their interests in those dealings that create a conflict of interest to the Group and they take no part in decisions relating to them or the preceding discussions. In addition, those directors do not receive any papers from the Group pertaining to those dealings.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the audit and remuneration, risk and environmental, occupational health and safety committees. Each is comprised entirely of non-executive directors. The committee structure and membership is reviewed on an annual basis.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual basis. All matters determined by committees are submitted to the full Board as recommendations for Board decisions.

Minutes of committee meetings are tabled at the subsequent Board meeting.

Audit and Remuneration committee

The audit and remuneration committee consists of the following non-executive directors (all of whom are independent):

P Housden (Chair)
P Steere
J Ellice-Flint

The audit and remuneration committee operates in accordance with its' charter.

The responsibilities for the remuneration arm are covered under principle 8: Remunerate fairly and responsibly and for the audit committee under principle 4: safeguard integrity and financial planning.

Corporate Governance Statement

Principle 3: Promote ethical and responsible decision making

Code of conduct

The Board has adopted a code of conduct which sets out the Group's commitment to maintaining high levels of integrity and ethical standards in its business practices. The code of conduct sets out for all directors, management and employees the standards of behaviour expected of them.

The code of conduct sets out policies on various matters including public and media comment, security of information, intellectual property / copyright, discrimination and harassment, occupational health and safety and insider trading.

In addition to their obligations under the Corporations Act in relation to inside information, all directors, employees and consultants have a duty of confidentiality to Group in relation to confidential information they possess.

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The audit arm of the committee consists of the following non-executive directors:

P Housden (Chair)
J Ellice-Flint
P Steere

Details of these directors' qualifications and attendance at audit, risk and compliance meetings are set out in the directors' report.

All members of the audit committee are financially literate and have an appropriate understanding of the industry in which the Group operates.

The committee's key responsibilities and functions are to:

- oversee the Group's relationship with the external auditor and the external audit function generally;
- oversee the preparation of the financial statements and reports;
- oversee the Group's financial controls and systems; and
- oversee the management of the process of identification and management of financial risk.

The committee's primary roles are:

- to assist the Board in relation to the reporting of financial information;
- the appropriate application and amendment of accounting policies;
- the appointment, independence and remuneration of the external auditor; and
- to provide a link between the external auditors, the Board and management of the Group.

Engage in the pro active oversight of the Group's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process (including review of the Group's financial statements to ensure they are in accordance with applicable accounting standards and laws, as a basis for recommendation to and adoption by the Board).

Corporate Governance Statement

Principle 4: Safeguard integrity in financial reporting (continued)

- Assist the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices.

- Review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results and oversee the financial reports and the results of external audit of those reports (including assessing whether external reporting is consistent with the committee members' information and knowledge, and is adequate for shareholder needs).

- Review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Group's accounting policies) and assess the management processes supporting external reporting.

- Establish procedures for the receipt, retention and treatment of complaints received by the Group regarding financial, accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

- Review management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices.

- Ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management.

- Approve the scope of the audit.

- Review the effectiveness of the annual audit, placing emphasis on areas where the committee or the external auditors believe special attention is necessary.

- Review the performance, independence and objectivity of the external auditors.

- Review the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners.

- Assume responsibility for the appointment (including the termination of an engagement), compensation, the terms of engagement and other contractual terms of the external auditors.

- Develop and oversee the implementation of the Group's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy.

- Provide advice to the Board as to whether the committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the Corporations Act 2001 (Cth) to be included in the Group's annual report.

External auditors

The committee provides a link between the external auditor and the Board and has the responsibility and authority for the appointment and removal of the external auditor and to review the terms of its engagement.

Corporate Governance Statement

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The Group has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the company's securities. These policies and procedures also include the arrangements the Group has in place to promote communication with shareholders and encourage effective participation at general meetings.

The company secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX.

Shareholders must nominate to receive a copy of the company's annual and half-yearly reports, otherwise the reports are available on the company's web site. Where possible, the company will arrange for advance notification of significant Group briefings (including, but not limited to, results announcements).

Principle 7: Recognise and manage risk

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the audit and remuneration committee (financial risk) and the risk committee (all other risk) and reviewed by the full Board.

The risk committee is responsible for ensuring there are adequate policies in relation to risk management and compliance. They monitor the company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational and strategic risks.

The risk committee consists of the following non-executive directors:

P Steere (Chair)
J Ellice-Flint
P Housden

The committee's specific function with respect to risk management is to review and report to the Board that:

- the Group's ongoing risk management program effectively identifies and manages risk;
- adequate policies and procedures have been designed and implemented to manage identified risks; and
- proper remedial action is undertaken to redress areas of weakness.

The following are the committee's risk and compliance responsibilities:

- Evaluating the adequacy and effectiveness of the management reporting and control systems used to
 - monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks.
- Evaluating the structure and adequacy of the Group's Business Continuity Plans.

Corporate Governance Statement

Principle 7: Recognise and manage risk (continued)

- Evaluating the structure and adequacy of the Group's own insurances on an annual basis.
- Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's operational risk management policies.
- Overseeing the establishment and maintenance of processes to ensure that there is:
an adequate system of internal control, management of business risks and safeguard of assets; and
a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
- Reviewing the Group's main corporate governance practices for completeness and accuracy.
- Reviewing the procedures the Group has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Group in areas such as trade practices, occupational health and safety, and the environment).

The environmental, health and safety committee consists of the following non-executive directors:

P Steere (Chair)
J Ellice-Flint
H Stehr AO

The committee's specific function with respect to risk management is to review and report to the Board that:

- the Group's ongoing risk management program specifically identifies and manages workplace risk and environmental risk;
- adequate policies and procedures have been designed and implemented to manage identified risks; and
- proper remedial action is undertaken to redress areas of weakness.

The following are the committee's risk and compliance responsibilities:

- Ensure the risks to employees, contractors and the environment are identified and assessed and appropriate
- Monitor performance of the Group's operations against these plans and procedures
- Ensure that the plans and procedures are subject to regular review and updated where necessary.
- Promote the adoption of best practice throughout the organisation.
- Monitor compliance with legal and statutory obligations.

Risk management Group

The Group's risk management policy and the operation of the risk management and compliance system are managed by the Group's executive team.

The risk management Group consolidates the business unit reports and recommends any actions to the Board for its consideration.

Corporate Governance Statement

Principle 7: Recognise and manage risk (continued)

Corporate reporting

In complying with recommendation 7.3, the CEO and CFO have made the following certifications to the Board:

that the Group's financial reports are complete and present a true and fair view, in all material respects, of

- the financial condition and operational results of the Group and are in accordance with relevant accounting standards

that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Group's risk management and

- internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

The remuneration arm of the audit and remuneration committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

The responsibilities of the committee are as follows:

Review and recommend arrangements for the executive directors, the CEO and senior management,

- including contract terms, annual remuneration and participation in the Group's short and long term incentive plans.

Review major changes and developments in the Group's remuneration, recruitment, retention and termination

- policies and procedures for senior management, remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies.

Review the performance assessment processes and results of the CEO and senior management who directly

- report to the CEO as they reflect the capability of management to realise the business strategy.

Review and approve short term incentive strategy, performance targets and bonus payments, and major

- changes/developments to the Group's employee equity incentive plans.

Recommend whether offers are to be made under any or all of the Group's employee equity incentive plans

- in respect of a financial year.

- In respect of the Group's employee equity incentive plans in place from time to time:

review and determine the performance hurdles applicable to the executive directors, the executives reporting to the CEO and senior management;

review and approve the proposed terms of, and authorise the making of, offers to eligible employees of the Group, including determining the eligibility criteria applying in respect of an offer, in respect of a financial year;

review and approve, within the parameters of the plans, amendments to the terms of existing plans;

review and approve the terms of any trust deed applying in relation to the plans and of any amendment to any such trust deed, including authorising the execution of any such trust deed or amending deed on behalf of the Group; and

administer the operation of the plans, including but not limited to determining disputes and resolving questions of fact or interpretation concerning the various plans.

Review and recommend to the Board the remuneration arrangements for the Chairman and the non-executive directors of the Board, including fees, travel and other benefits.

Corporate Governance Statement

Principle 8: Remunerate fairly and responsibly (continued)

- Review and make recommendations to the Board on remuneration by gender and recommend strategies or changes to address any pay gap.
- Be satisfied that the Board and management have available to them sufficient information and external advice to ensure informed decision-making on remuneration.

In discharging its responsibilities, the committee must have regard to the following policy objectives:

- to ensure the Group's remuneration structures are equitable and aligned with the long-term interests of the Group and its shareholders and having regard to relevant Group policies;
- to attract and retain skilled executives;
- to structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
- to ensure any termination benefits are justified and appropriate.

In the discharge of the committee's responsibilities, no director or executive should be directly involved in determining their own remuneration.

The committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any shareholder approvals which are necessary to obtain.

ASX Listing Rule 4.10.19 - Use of cash consistent with business objectives

The corporate strategy of the company has two prime objectives:

- Produce and grow out Kingfish fingerlings for sale to domestic and export markets.
- Close the life cycle of the Southern Blue Fin Tuna with an aim to commercially produce and sell the fish.

All cash spent to date has been used in a manner consistent with these stated objectives.

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

**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 2011, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



S J Gray
Partner

Adelaide, 18 August 2011

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	Consolidated Group	
		2011 \$ '000	2010 \$ '000
Revenue	3	38,868	39,409
Other income	4	175	61
		<u>39,043</u>	<u>39,470</u>
Net gain arising from changes in fair value of grow out Kingfish Mulloway and Tuna		(7,769)	(11,862)
Changes in inventories of finished goods and work in progress		(961)	415
Employee benefits expense		(9,743)	(11,326)
Fish husbandry expense		(15,704)	(20,380)
Fish processing and selling expenses		(14,875)	(14,289)
Depreciation and amortisation expenses	5	(3,105)	(2,892)
Asset impairment	5	(322)	-
Other expenses		(1,550)	(3,448)
Total expenses excluding financing costs		<u>(54,029)</u>	<u>(63,782)</u>
Interest revenue		276	441
Financial expenses	5	(21)	(904)
Net profit/(loss) before income tax		<u>(14,731)</u>	<u>(24,775)</u>
Income tax (expense)/benefit	6	(17,630)	9,124
Net profit/(loss) attributable to members		<u>(32,361)</u>	<u>(15,651)</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>(32,361)</u>	<u>(15,651)</u>
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	32	(7.39)	(4.84)
Diluted earnings per share (cents per share)	32	(7.39)	(4.84)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on pages 30 to 66.

Statement of Financial Position

For the year ended 30 June 2011

	Note	Consolidated Group	
		2011	2010
		\$ '000	\$ '000
CURRENT ASSETS			
Cash and cash equivalents	7	7,481	5,803
Trade and other receivables	8	3,614	3,810
Prepayments	9	507	362
Processed inventory	10	627	5,226
Consumables inventory	11	1,257	1,337
Biological assets	12	16,631	24,400
TOTAL CURRENT ASSETS		30,117	40,938
NON-CURRENT ASSETS			
Property, plant and equipment	14	30,532	32,660
Biological assets	15	2,817	2,811
Deferred tax assets	16	-	17,630
Other non-current assets	17	13,155	13,155
Intangible assets	18	15,273	12,844
TOTAL NON-CURRENT ASSETS		61,777	79,100
TOTAL ASSETS		91,894	120,038
CURRENT LIABILITIES			
Trade and other payables	19	3,250	6,074
Provisions	20	700	507
TOTAL CURRENT LIABILITIES		3,950	6,581
NON-CURRENT LIABILITIES			
Deferred grant income	21	4,050	4,098
Deferred tax liability	16	-	-
Provisions	20	186	316
TOTAL NON-CURRENT LIABILITIES		4,236	4,414
TOTAL LIABILITIES		8,186	10,995
NET ASSETS		83,708	109,043
EQUITY			
Issued capital	22	143,838	136,969
Reserves	23	974	817
Retained earnings		(61,104)	(28,743)
TOTAL EQUITY		83,708	109,043

The statement of financial position should be read in conjunction with the accompanying notes on pages 30 to 66.

Statement of Changes in Equity

For the year ended 30 June 2011

Consolidated Group	Note	Ordinary Shares \$ '000	Share Option Reserve \$ '000	Retained Earnings \$ '000	Total \$ '000
Balance at 1 July 2009		86,152	576	(13,092)	73,636
Total comprehensive income for the period		-	-	(15,651)	(15,651)
Cost of options issued during the period	23	-	241	-	241
Shares issued during the period		54,000	-	-	54,000
Net cost of issue		(3,183)	-	-	(3,183)
Balance at 30 June 2010		136,969	817	(28,743)	109,043
Total comprehensive income for the period		-	-	(32,361)	(32,361)
Cost of options issued during the period	23	-	157	-	157
Shares issued during the period	22	6,899	-	-	6,899
Cost of issue	22	(30)	-	-	(30)
Balance at 30 June 2011		143,838	974	(61,104)	83,708

The statement of changes in equity should be read in conjunction with the accompanying notes on pages 30 to 66.

Statement of Cash Flows

For the year ended 30 June 2011

	Note	Consolidated Group	
		2011	2010
		\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		39,325	39,167
Receipts from grants		154	334
Payments to suppliers and employees		(40,980)	(59,146)
Interest received		276	441
Finance costs		(21)	(849)
Income taxes paid		-	-
NET CASH USED IN OPERATING ACTIVITIES	31	(1,246)	(20,053)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		(1,589)	(8,025)
Payment for Tuna development costs capitalised		(2,429)	(2,259)
Proceeds on disposal of non-current assets		73	1
NET CASH USED IN INVESTING ACTIVITIES		(3,945)	(10,283)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		6,899	54,000
Payments for costs incurred in capital raising		(30)	(4,547)
Repayment of borrowings		-	(27,150)
NET CASH PROVIDED BY FINANCING ACTIVITIES		6,869	22,303
Net change in cash held		1,678	(8,033)
Cash and cash equivalents at beginning of year		5,803	13,836
Cash and cash equivalents at end of the year	7	7,481	5,803

The statement of cash flows should be read in conjunction with the accompanying notes on pages 30 to 66.

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies

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

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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.

(a) Principles of Consolidation

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

A list of controlled entities is contained in Note 13 to the financial statements.

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

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

Business Combinations

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued)

(b) Income Tax

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

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

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

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

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

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

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

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

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

Tax Consolidation

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

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued)

(c) Property, Plant and Equipment

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

Property

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and Equipment

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

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

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

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

Depreciation

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued) (c) Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Financial Instruments Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Financial liabilities

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

Derivative instruments

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

Fair value

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

Impairment

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

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued)

(e) Intangibles

Research and development

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

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

Intellectual Property

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

(f) Impairment of Assets

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

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

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

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued)

(h) Employee Benefits

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

Equity-settled compensation

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

(i) Provisions

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

(j) Cash and Cash Equivalents

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

(k) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. In prior years revenue has been shown net of sale costs. The increase in value added sales has required revenue to be stated as gross sales value. Prior year amounts have been restated to be comparable.

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

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

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

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

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

(l) Borrowing Costs

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

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued)

(m) Goods and Services Tax (GST)

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

(n) Comparative Figures

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

(o) Rounding of Amounts

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

(p) Biological Assets

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

In water fish held for sale are valued at their fair value less estimated point-of-sale costs determined as an average sale value in the four weeks post balance date. At 30 June 2011 the Company has 1,814,345 kilograms of fish in water held for sale valued at \$16,630,559 (30 June 2010 : 3,312,555 kilograms valued at \$24,400,731).

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

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

(q) Segment Information

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

Types of products and services by segment

(i) *Finfish sales*

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

(ii) *Tuna operations*

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

For a full breakdown see note 33

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued)

(r) Issued Capital

Transaction costs

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

(s) Inventory

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

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

(t) Use of Estimates and Judgements

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

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

Key estimates

Impairment

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

The principle assets subject to impairment review are:

- Growout PIRSA leases and licenses (note 17)
- Southern Bluefin Tuna quota (note 17)
- Development costs (note 18)
- Intellectual property (note 18)
- Broodstock (note 15)

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

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

The assets described above are not impaired at 30 June 2011.

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued)

(u) Going Concern Basis of Accounting

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

The financial report shows the Group incurred a before tax loss for the year ended 30 June 2011 of \$14,731,000 (2010, \$24,775,000) and cash used in operating activities of \$1,246,000 (2010, \$20,053,000). The Group is well advanced with the closure of the Southern Bluefin Tuna (SBT) life cycle and the project is soon to enter the commercialisation phase. The Group continues to remain economically dependent on raising debt and / or equity to advance the SBT project. The Group requires ongoing support of financiers, future capital raising and / or an increase in profits generated from the business to continue as a going concern.

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

(v) Carbon Tax Impact

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both houses of Parliament. In addition, as the Group will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

(w) Changes in Accounting Policies

Overall Considerations

The Group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2010:

- Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project– AASB 2009-5
- Improvements to IFRSs– AASB 2010-03

Significant effects on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement are described in the following notes. An overview of standards, amendments and interpretations to IFRSs and AASBs issued but not yet effective is given in note (x).

Adoption of Improvements to IFRSs 2009 – AASB 2009-5

The Improvements to IFRSs 2009 (issued as AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project) made several minor amendments to IFRSs. The only amendment relevant to the Group relates to AASB 117 Leases. The amendment requires that leases of land are classified as finance or operating by applying the general principles of AASB 117. Prior to this amendment, AASB 117 generally required a lease of land to be classified as an operating lease. The Group has reassessed the classification of the land elements of its unexpired leases at 1 July 2010 on the basis of information existing at the inception of those leases and has determined that none of its leases require reclassification.

Notes to the Financial Statements

For the year ended 30 June 2011

1 Summary of Accounting Policies (continued) (w) Changes in Accounting Policies continued Overall Considerations (continued)

Adoption of Improvements to IFRSs 2010 – AASB 2010-3

The IASB has issued Improvements to IFRS 2010 (2010 Improvements) which was issued in Australia as AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvement Project. Most of these amendments become effective in annual periods beginning on or after 1 July 2010 or 1 January 2011. The 2010 Improvements amend certain provisions of AASB 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The 2010 Improvements did not have a material impact on the Group's financial statements.

(x) 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 and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (Effective from 1 January 2013)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value.

In addition, the majority of requirements from AASB 139 for the classification and measurement of financial liabilities has been carried forward unchanged, except in relation to own credit risk where an entity takes the option to measure financial liabilities at fair value. AASB 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income (OCI), unless there is an accounting mismatch in the profit or loss, in which case all gains or losses are to be presented in the profit or loss.

The amendment is not expected to have any impact on the Group's financial statements.

AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124 (Effective from 1 January 2011)

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2011

2 Financial Risk Management

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

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

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

	Note	Consolidated Group	
		2011	2010
		\$ '000	\$ '000
Financial Assets			
Cash & cash equivalents	7	7,481	5,803
Financial assets at fair value through profit or loss			
- Derivative instruments		-	-
Held to maturity investments			
- Loans and receivables	8	3,614	3,810
Total financial assets		<u>11,095</u>	<u>9,613</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	19	3,250	6,074
Total financial liabilities		<u>3,250</u>	<u>6,074</u>

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

Derivatives are used by the consolidated Group for hedging purposes. Such instruments include forward exchange contracts. The consolidated Group does not speculate in the trading of derivative instruments.

(a) Risk Management

(i) Treasury Risk Management

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

Notes to the Financial Statements

For the year ended 30 June 2011

2 Financial Risk Management (continued)

(ii) Financial Risk Exposures and Management

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

Interest rate risk

At 30 June 2011 the consolidated Group is debt free. In the event borrowings are drawn down, interest rate risk is managed using floating rate debt. It is the policy of the consolidated Group to roll bills for periods between 90 and 180 days.

Foreign currency risk

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

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

	30 June 2011			30 June 2010		
	USD \$'000	EUR \$'000	GBP \$'000	USD \$'000	EUR \$'000	GBP \$'000
Foreign Currency Bank Accounts	111	101	-	-	24	-
Trade Receivables	696	815	113	976	835	53
Trade Payables	7	39	5	9	10	-

Liquidity risk

The consolidated Group manages liquidity risk by monitoring forecast cash flows.

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 risk committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2011

2 Financial Risk Management (continued)

(ii) Financial Risk Exposures and Management (continued)

Price risk

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

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

(b) Financial Instruments

(i) Derivative Financial Instruments

Derivative financial instruments are used by the consolidated Group to hedge exposure to exchange rate risk associated with trade debtors and imports. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

Forward Exchange Contracts

The consolidated Group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated Group against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

(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 Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial liabilities due for payment						
Bills of exchange	-	-	-	-	-	-
Trade and other payables	3,250	6,074	-	-	3,250	6,074
Total expected outflows	3,250	6,074	-	-	3,250	6,074
Financial assets - cash flows						
Cash and cash equivalents	7,481	5,803	-	-	7,481	5,803
Trade receivables	3,614	3,810	-	-	3,614	3,810
Forward exchange contracts						
Contractual inflows	-	-	-	-	-	-
Total anticipated inflows	11,095	9,613	-	-	11,095	9,613
Net (outflow)/inflow on financial	7,845	3,539	-	-	7,845	3,539

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

	Consolidated Group	
	2011 \$ '000	2010 \$ '000
Less than 6 months	3,250	6,074
6 months to one year	-	-
	3,250	6,074

Notes to the Financial Statements

For the year ended 30 June 2011

2 Financial Risk Management (continued)

(iii) Net fair values

The net values of assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than forward exchange contracts.

(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 2011 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	
	2011 \$ '000	2010 \$ '000
Change in profit/(loss)		
Increase in AUD to USD by 5%	(689)	(1,290)
Decrease in AUD to USD rate by 5%	689	1,290
Change in equity		
Increase in AUD to USD by 5%	(689)	(1,290)
Decrease in AUD to USD rate by 5%	689	1,290

The basis of inventory valuation is the current and future selling price of the biomass held. Sales are denominated in currencies other than the Australian dollar so changes in the exchange rate have a direct impact on the valuation of inventory at year end. This analysis assesses the impact a 5% change in exchange rates would have on June 2011 profitability from inventory valuation changes.

(iv) Sensitivity analysis (continued)

Fish Price Risk Sensitivity Analysis

At 30 June 2011, 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	
	2011 \$ '000	2010 \$ '000
Change in profit/(loss)		
Increase in fish price by 5%	1,136	1,959
Decrease in fish price by 5%	(1,136)	(1,959)
Change in equity		
Increase in fish price by 5%	1,136	1,959
Decrease in fish price by 5%	(1,136)	(1,959)

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 June 2011 profitability from inventory valuation changes.

Notes to the Financial Statements

For the year ended 30 June 2011

2 Financial Risk Management (continued)

Feed Price Risk Sensitivity Analysis

At 30 June 2011, 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	
	2011	2010
	\$ '000	\$ '000
Change in profit/(loss)		
Increase in feed price by 5%	(476)	(786)
Decrease in feed price by 5%	476	786
Change in equity		
Increase in feed price by 5%	(476)	(786)
Decrease in feed price by 5%	476	786

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

(v) Insurance risk

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

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

Notes to the Financial Statements

For the year ended 30 June 2011

3 Revenue	Consolidated Group	
	2011	2010
	\$ '000	\$ '000
From continuing operations		
<i>Sales revenue</i>		
Sale of fingerlings	239	205
Sale of finfish	33,113	32,993
Sale of value added fish	5,365	5,554
	<u>38,717</u>	<u>38,752</u>
 <i>Other revenue</i>		
Other	151	657
	<u>151</u>	<u>657</u>
 Total Revenue	<u>38,868</u>	<u>39,409</u>
 4 Other Income	Consolidated Group	
	2011	2010
	\$ '000	\$ '000
Gain/(loss) on disposal of property, plant and equipment	(6)	(221)
Administration fee	56	72
Grant income (Note (a))	125	210
	<u>175</u>	<u>61</u>
 (a) Government grants		
Clean Seas has the funding support of \$4.15 million via an Ausindustry Commercial Ready Grant for the SBT Lifecycle project. Refer to note 1(k) for accounting treatment and the recognition of grant income. The grant funding finished in February 2009.		
 5 Expenses	Consolidated Group	
	2011	2010
	\$ '000	\$ '000
Profit/(loss) before income tax includes the following specific expenses		
<i>Depreciation expenses</i>		
Buildings and dams	679	511
Plant and equipment	2,327	2,280
Motor vehicles	99	101
	<u>3,105</u>	<u>2,892</u>
 <i>Impairment costs</i>		
Plant and equipment	323	-
	<u>323</u>	<u>-</u>
 <i>Finance costs</i>		
Interest paid/payable	21	904
	<u>21</u>	<u>904</u>
 <i>Rental expense on operating leases</i>		
Building lease payments	62	57
	<u>62</u>	<u>57</u>

Notes to the Financial Statements

For the year ended 30 June 2011

6 Income Tax Expense

Consolidated Group

2011 2010
\$ '000 \$ '000

(a) Income tax expense

Current tax	-	(7,415)
Deferred tax	17,630	167
Under/(over) provision in prior years	-	(1,876)
	<u>17,630</u>	<u>(9,124)</u>

(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	(14,731)	(24,775)
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2010 - 30%)	(4,419)	(7,433)
Add tax effect of:		
- Entertainment expense	7	5
- Employee option expense	47	72
- Legal expense	-	3
- Foreign exchange provision	-	105
	<u>(4,365)</u>	<u>(7,248)</u>
Less tax effect of:		
- Current year tax losses not taken as a benefit	5,790	-
- Reversal of prior years tax losses	17,630	-
- Under/(over) provision in prior years	-	(112)
Income tax expense/(benefit)	<u>17,630</u>	<u>(9,124)</u>

The applicable weighted average effective tax rates are as follows:

-120% 37%

The change in the weighted average effective consolidated tax rate for 2011 is the result of tax allowances on development expenditure offset with the reversal of tax losses being carried forward.

Due to the uncertainty at which prior year tax losses will be realised the tax losses will no longer be carried as an asset and prior year losses have been written back to the tax expense for the period ended 30 June 2011. Tax losses of \$88,645,441 are available to the Company at 30 June 2011.

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and amounts not recognised in net profit or loss but directly debited or credited to equity

Current tax - credited directly to equity	-	-
Net deferred tax - credited/(debited) directly to equity (note 16)	-	1,366
	<u>-</u>	<u>1,366</u>

7 Current Assets - Cash & Cash Equivalents

Consolidated Group

2011 2010
\$'000 \$'000

Cash at bank and in hand	681	703
Deposits at call	6,800	5,100
	<u>7,481</u>	<u>5,803</u>

Notes to the Financial Statements

For the year ended 30 June 2011

8 Current Assets - Trade and Other Receivables

	Consolidated Group	
	2011	2010
	\$'000	\$'000
Trade receivables	3,355	3,534
Provision for impairment	(20)	(20)
	<u>3,335</u>	<u>3,514</u>
Related party receivables	12	25
Other receivables	267	271
	<u>3,614</u>	<u>3,810</u>

As at 30 June 2011 there was no impairment of trade receivables.

(b) Past due but not impaired

As of 30 June 2011, trade receivables of \$343,519 (2010 - \$511,988) 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	
	2011	2010
	\$'000	\$'000
Up to 3 months	310	463
3 to 6 months	34	49
	<u>344</u>	<u>512</u>

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 2011 - nil (2010 - 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	
	2011	2010
	\$'000	\$'000
Prepayments	507	362
	<u>507</u>	<u>362</u>

Notes to the Financial Statements

For the year ended 30 June 2011

10 Current Assets - Processed Inventory	Consolidated Group	
	2011	2010
	\$'000	\$'000
Frozen fish inventory	627	5,226
	<u>627</u>	<u>5,226</u>
11 Current Assets - Consumables Inventory	Consolidated Group	
	2011	2010
	\$'000	\$'000
Pellet feed	1,245	1,142
Packaging	12	195
	<u>1,257</u>	<u>1,337</u>
12 Current Assets - Biological Assets	Consolidated Group	
	2011	2010
	\$'000	\$'000
Current Asset - Fish held for sale		
Carrying amount at beginning of period	24,400	36,262
Value of fish inventory purchased	-	613
Gain arising from physical changes at fair value less estimated point of sale costs	13,995	14,142
Decreases due to harvest for sale	(19,992)	(21,823)
Decreases due to harvest for fish inventory	(1,772)	(4,794)
Carrying amount at end of period	<u>16,631</u>	<u>24,400</u>

(i) Valuation of Biological Assets

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

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

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

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

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

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

Market price: The market price assumption is very important for the valuation and even small changes in the market price will give significant changes in the valuation. If it is assumed that all fish held as at 30 June 2011 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 \$1.8 million.

Notes to the Financial Statements

For the year ended 30 June 2011

13 Controlled Entity

(a) Controlled Entity Consolidated

	Country of Incorporation	Percentage Owned (%)	
		2011	2010
Clean Seas Aquaculture Growout Pty Ltd	Aust	100	100

(b) Acquisition of Controlled Entities

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

14 Non-Current Assets - Property, Plant and Equipment

Consolidated Group	Marina Lease	Dams & fishponds	Land & buildings	Plant & equipment	Total
Year ended 30 June 2010	\$'000	\$'000	\$'000	\$'000	\$'000
Opening net book amount	2,000	-	9,683	16,066	27,749
Additions	-	-	5,945	2,080	8,025
Disposals	-	-	-	(222)	(222)
Depreciation charge	-	-	(511)	(2,381)	(2,892)
Closing net book amount	2,000	-	15,117	15,543	32,660
At 30 June 2010					
Cost	2,000	364	17,011	22,511	41,886
Accumulated depreciation	-	(364)	(1,894)	(6,968)	(9,226)
Net book amount	2,000	-	15,117	15,543	32,660
Year ended 30 June 2011					
Opening net book amount	2,000	-	15,117	15,543	32,660
Additions	-	-	638	739	1,377
Disposals	-	-	-	(77)	(77)
Depreciation charge	-	-	(679)	(2,426)	(3,105)
Impairment cost	-	-	-	(323)	(323)
Closing net book amount	2,000	-	15,076	13,456	30,532
At 30 June 2011					
Cost	2,000	364	17,649	23,202	43,215
Accumulated depreciation	-	(364)	(2,573)	(9,746)	(12,683)
Net book amount	2,000	-	15,076	13,456	30,532

15 Non-Current Assets - Biological Assets

	Consolidated Group	
	2011	2010
	\$'000	\$'000
Fin fish broodstock at cost	2,817	2,811
Accumulated amortisation and impairment	-	-
	2,817	2,811

Notes to the Financial Statements

For the year ended 30 June 2011

16 Non-Current Assets - Deferred Tax Assets and Liabilities

Consolidated Group
2011 2010
\$'000 \$'000

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Deferred tax assets

Employee benefits	-	275
Unearned income	-	5
Tax losses	-	26,162
	-	<u>26,442</u>

Deferred tax liabilities

Inventory	-	(7,210)
Development expenditure	-	(2,370)
Depreciation	-	(759)
	-	<u>(10,339)</u>

Amounts recognised directly in equity

Equity raising expenses	-	1,527
	-	<u>1,527</u>

Net deferred tax assets	-	<u>17,630</u>
-------------------------	---	---------------

Movements :

Opening balance at 1 July	17,630	7,140
Credited/(charged) to statement of comprehensive income	(17,630)	9,124
Credited/(charged) to equity	-	1,366
Credited/(charged) to intellectual property	-	-
Closing balance at 30 June	-	<u>17,630</u>

17 Non-Current Assets - Other

Consolidated Group
2011 2010
\$ '000 \$ '000

Growout PIRSA leases and licences	12,803	12,803
Southern Bluefin Tuna (SBT) quota	352	352
	<u>13,155</u>	<u>13,155</u>

Notes to the Financial Statements

For the year ended 30 June 2011

18 Non-Current Assets - Intangible Assets

Consolidated Group	Develop- ment Costs \$'000	Intellectual Property \$'000	Total \$'000
Year ended 30 June 2010			
Opening net book amount	5,640	4,945	10,585
Additions	2,259	-	2,259
Accumulated amortisation & impairment	-	-	-
Net book amount	7,899	4,945	12,844
Year ended 30 June 2011			
Opening net book amount	7,899	4,945	12,844
Additions	2,429	-	2,429
Accumulated amortisation & impairment	-	-	-
Net book amount	10,328	4,945	15,273
At 30 June 2011			
Cost	10,328	4,945	15,273
Accumulated amortisation & impairment	-	-	-
Net book amount	10,328	4,945	15,273

Impairment Testing

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

The procedure of impairment testing

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

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

Indications of impairment

At year-end 2011 there were no indications that the Group's assets on consolidated level should be impaired. The impairment testing at year-end did not result in identification of impairment losses.

Key assumptions of the impairment test at year-end 2011

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

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

Notes to the Financial Statements

For the year ended 30 June 2011

18 Non-Current Assets - Intangible Assets (continued)

EBITDA/Margins: In the strategic plan process, prices and all cost elements were forecasted to arrive at the profit figures EBIT and EBITDA. For fin fish, It is expected that the profit figures in the upcoming ten year period will exceed the historic average due to decreasing costs of production, increasing selling price and changing to a demand driven production strategy. Clean Seas Tuna Ltd has yet to grow Tuna to a marketable size but the continual worldwide pressure on supply is pushing selling prices higher each year. The potential growth and pricing structure of the Tuna industry indicates this is one of the highest margin fish that will be produced by the aquaculture industry. Committed operational efficiency programs are taken into consideration in the calculations. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

Assumptions Used

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

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

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

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

19 Current Liabilities - Trade and Other Payables

	Consolidated Group	
	2011	2010
	\$'000	\$'000
Trade payables	2,116	3,823
Related party payables	181	272
Other payables	953	1,979
	3,250	6,074

20 Provisions

	Annual Leave	Long Service Leave	Total
	\$'000	\$'000	\$'000
Opening balance at 1 July 2009	306	206	512
Additional provisions raised during the year	651	120	771
Amounts used during the year	(450)	(10)	(460)
Balance at 30 June 2010	507	316	823
Opening balance at 1 July 2010	507	316	823
Additional provisions raised during the year	476	118	594
Amounts used during the year	(489)	(42)	(531)
Balance at 30 June 2011	494	392	886
Current Employee Benefit	494	206	700
Non-Current Employee Benefit	-	186	186

Notes to the Financial Statements

For the year ended 30 June 2011

21 Current Liabilities - Deferred Grant Income

	Consolidated Group	
	2011	2010
	\$'000	\$'000
Deferred grant income	4,050	4,098
	<u>4,050</u>	<u>4,098</u>

(a) Grant income

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

22 Issued Capital

	2011	2010
	Shares	Shares
(a) Ordinary shares		
Opening balance	418,112,534	202,112,534
Share placement	62,716,880	168,000,000
Rights issue	-	-
Share purchase plan	-	48,000,000
Total issued ordinary shares	<u>480,829,414</u>	<u>418,112,534</u>

(b) Movements in Ordinary Issued Capital

Date	Details	Number of shares	Issue price	\$'000
1-Jul-09	Opening balance	202,112,534		86,152
28-Oct-09	Share placement	30,316,880	\$0.25	7,579
9-Dec-09	Share placement	137,683,120	\$0.25	34,421
24-Dec-09	Share purchase plan	41,442,000	\$0.25	10,360
6-Jan-10	Share purchase plan	6,558,000	\$0.25	1,640
	Less : Transaction costs arising on shares issued.			(4,547)
	Current tax credit recognised directly in equity			1,364
30-Jun-10	Closing balance	<u>418,112,534</u>		<u>136,969</u>
1-Jul-10	Opening balance	418,112,534		136,969
8-Mar-11	Share placement	62,716,880	0.11	6,899
	Less : Transaction costs arising on shares issued.			(30)
30-Jun-11	Closing balance	<u>480,829,414</u>		<u>143,838</u>

On the 7th of March 2011 the company announced a placement of 62.7 million shares to a cornerstone investor. The shares were issued at \$0.11 per share, raising \$6.9 million.

(c) Ordinary shares

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

Notes to the Financial Statements

For the year ended 30 June 2011

22 Issued Capital (continued)

(d) Capital management

Management controls the capital of the consolidated Group in order to maintain a good 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 2011 and 30 June 2010 are as follows:

	Consolidated Group	
	2011	2010
	\$'000	\$'000
Total borrowings	-	-
Less cash and cash equivalents	(7,481)	(5,803)
Net debt	(7,481)	(5,803)
Total equity	83,708	109,043
Total capital	76,227	103,240
Gearing ratio	0%	0%

23 Reserves

	Consolidated Group	
	2011	2010
	\$'000	\$'000
Share option reserve		
Balance 1 July	817	576
Share option expense	157	241
Balance 30 June	974	817

(a) Share option reserve

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

Notes to the Financial Statements

For the year ended 30 June 2011

24 Director and Key Management Personnel Compensation

(a) Names and positions held are:

Director:	Position	Period with the Group	
Mr. Clifford Ashby	Managing director	20/04/2009	30/06/2011
Mr. John Ellice-Flint	Chairman - non executive	1/12/2009	30/06/2011
Mr. Peter Housden	Non-executive director	14/12/2010	30/06/2011
Mr. Tipene O'Regan	Non-executive director	15/11/2004	15/03/2011
Mr. Paul Robinson	Non-executive director	9/12/2005	30/06/2011
Mr Paul Steere	Non-executive director	20/05/2010	30/06/2011
Mr. Hagen Stehr AO	Non-executive director	5/09/2000	30/06/2011
Mr. Marcus Stehr	Executive director	5/09/2000	30/06/2011

Key Management Personnel:

Mr. Joe Ciura	Product Development manager	14/01/2004	30/06/2011
Mr. Morten Deichmann	General Manager Hatcheries	6/05/2004	30/06/2011
Mr. Frank Knight	Company Secretary & CFO	23/08/2007	30/06/2011
Mr. Michael Thomson	R & D Manager	21/04/2008	30/06/2011

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

(b) Options Holdings

Number of options held by directors and key management personnel

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

Number of options held by directors and key management personnel

	Balance 30.6.2011	Total Vested 30.6.2011	Total Exer- cisable 30.6.2011	Total Unexer- cisable 30.6.2011
Directors:				
C Ashby	-	-	-	-
J Ellice-Flint	-	-	-	-
P Housden	-	-	-	-
T O'Regan	-	-	-	-
P Robinson	-	-	-	-
P Steere	-	-	-	-
H Stehr	-	-	-	-
M Stehr	300,000	300,000	-	300,000
Total	300,000	300,000	-	300,000

Notes to the Financial Statements

For the year ended 30 June 2011

24 Director and Key Management Personnel remuneration (Continued)

(b) Options Holdings (continued)

Number of options held by directors and key management personnel
Key Management Personnel:

	Balance 30.6.2011	Total Vested 30.6.2011	Total Exer- cisable 30.6.2011	Unexer- cisable 30.6.2011
M Deichmann	-	-	-	-
F Knight	100,000	100,000	100,000	-
M Thomson	-	-	-	-
Total	100,000	100,000	100,000	-

Number of options held by directors and key management personnel

	Balance 1.7.2009	Granted as compensa- tion	Options exercised	Options expired
Directors:				
C Ashby	-	-	-	-
J Ellice-Flint	-	-	-	-
T O'Regan	50,000	-	-	-
P Robinson	50,000	-	-	-
P Steere	-	-	-	-
H Stehr	100,000	-	-	-
M Stehr	900,000	-	-	-
Key Management Personnel:				
M Deichmann	100,000	-	-	-
F Knight	100,000	-	-	-
C Wilkes	100,000	-	-	-
Total	1,400,000	-	-	-

Number of options held by directors and key management personnel

	Balance 30.6.2010	Total Vested 30.6.2010	Total Exer- cisable 30.6.2010	Total Unexer- cisable 30.6.2010
Directors:				
C Ashby	-	-	-	-
J Ellice-Flint	-	-	-	-
T O'Regan	50,000	50,000	-	50,000
P Robinson	50,000	50,000	-	50,000
P Steere	-	-	-	-
H Stehr	100,000	100,000	-	100,000
M Stehr	900,000	900,000	-	900,000
Key Management Personnel:				
M Deichmann	100,000	100,000	100,000	-
F Knight	100,000	100,000	100,000	-
C Wilkes	100,000	100,000	100,000	-
Total	1,400,000	1,400,000	300,000	1,100,000

Notes to the Financial Statements

For the year ended 30 June 2011

24 Director and Key Management Personnel remuneration (Continued)

(c) Shareholdings

Number of shares held by directors and key management personnel

2011 Financial Year	Balance	Received	Options	Net Change	Balance
	1.7.2010	as			
Directors:	('000)	compensa- tion ('000)	('000)	('000)	('000)
C Ashby	-	-	-	-	-
J Ellice-Flint	1,060	-	-	-	1,060
P Housden	-	-	-	-	-
P Robinson	258	-	-	-	258
P Steere	-	-	-	-	-
H Stehr	95,775	-	-	-	95,775
M Stehr	353	-	-	-	353
Key Management Personnel:					
J Ciura	-	-	-	-	-
M Deichmann	-	-	-	-	-
F Knight	-	-	-	-	-
M Thomson	-	-	-	-	-
Total	97,446	-	-	-	97,446

2010 Financial Year	Balance	Received	Options	Net Change	Balance
	1.7.2009	as			
Directors:	('000)	compensa- tion ('000)	('000)	('000)	('000)
C Ashby	-	-	-	-	-
J Ellice-Flint	-	-	-	1,060	1,060
T O'Regan	-	-	-	-	-
P Robinson	178	-	-	80	258
P Steere	-	-	-	-	-
H Stehr	95,775	-	-	-	95,775
M Stehr	353	-	-	-	353
Key Management Personnel:					
J Ciura	-	-	-	-	-
M Deichmann	-	-	-	-	-
F Knight	-	-	-	-	-
C Wilkes	-	-	-	-	-
Total	96,306	-	-	1,140	97,446

Notes to the Financial Statements

For the year ended 30 June 2011

25 Remuneration of Auditors

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

	Consolidated	
	2011	2010
	\$'000	\$'000
(a) Assurance services		
<i>1. Audit services</i>		
Grant Thornton		
Audit and review of financial reports	86	72
<i>2. Other assurance services</i>		
Grant Thornton		
Taxation consulting services	4	4
Taxation compliance services	16	17
Total remuneration for audit services	106	93

26 Contingent liabilities

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

27 Commitments

(a) Capital commitments

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

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Property, plant and equipment</i>		
Payable :		
Within one year		
Tuna hatchery - Arno Bay	-	1,300
Fish pump	-	24
Robot Net Cleaner	230	-
Nets	89	-
Oxygen dissolver units	158	-
AQTV Pro Camera Systems	60	-
Telemetry Monitoring System	108	-
	645	1,324
	Consolidated	
	2011	2010
	\$'000	\$'000
(b) Seafood CRC commitment		
Payable :		
Within one year	625	975
Later than one year but not later than five years	1,250	2,225
Later than five years	-	-
	1,875	3,200

Notes to the Financial Statements

For the year ended 30 June 2011

27 Commitments (continued)

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

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

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

28 Related Party Transactions

(a) Major Shareholder

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

The major shareholder is Australian Tuna Fisheries Pty Ltd (ATF). ATF and associated companies controlled 2011 20% (2010 23%) of the issued ordinary shares of Clean Seas Tuna Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in note 13

(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 an arms length basis.

Sales of goods and services

Australian Tuna Fisheries Pty Ltd

Being for Contract Labour, Quota leases, Fish Purchases, Boat Hire and Employee Provisions on acquiring staff

Consolidated Group	
2011	2010
\$'000	\$'000

1,602	105
-------	-----

Purchase of goods and services

Australian Tuna Fisheries Pty Ltd

Being for Bait purchases, Export Processing, Contract Labour, Plant Hire, Boat Hire, Towing Expenses, Plant Purchases, Tuna Broodstock Purchase, Marina Expenses, Contract Diving, Packaging, Rent of Netshed

1,527	2,659
-------	-------

Stehr Group Pty Ltd

Being for Office Rent, Directors Fees to Mr H Stehr and Wine purchases

115	156
-----	-----

PSMMR Pty Ltd

Provision of consulting services

76	228
----	-----

Notes to the Financial Statements

For the year ended 30 June 2011

28 Related Party Transactions (continued)

(e) Outstanding balances

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

	Consolidated Group	
	2011	2010
	\$'000	\$'000
Current receivables		
Australian Tuna Fisheries Pty Ltd	12	25
Current payables (purchase of goods & services)		
Australian Tuna Fisheries Pty Ltd	161	272
Stehr Group Pty Ltd	20	-

29 Share Based Payments

The following share based payment arrangements existed at 30 June 2011.

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

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

During the 2011 financial year no options were issued.

	2011		2010	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	1,600,000	1.68	1,600,000	1.68
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(1,050,000)	1.52	-	-
Outstanding at year end	550,000	1.98	1,600,000	1.68
Exercisable at year end	250,000	0.75	350,000	0.68

The options outstanding at 30 June 2011 had a weighted exercise price of \$1.98 (2010, \$1.68) and a weighted average contractual life of 1.15 years (2010 1.12 years). Exercise price ranged from \$0.50 to \$3.00 in respect of options outstanding at 30 June 2011.

Included under employee benefits expense in the statement of comprehensive income is \$156,322 (2010, \$240,773), and relates in full to equity-settled share based payment transactions.

Notes to the Financial Statements

For the year ended 30 June 2011

30 Events Occurring After Balance Sheet Date

The directors are not aware of any other events occurring after balance date that would have a material effect on these accounts.

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

	Consolidated Group	
	2011	2010
	\$'000	\$'000
Profit/(loss) for the year	(32,361)	(15,651)
<i>Cash flows excluded from profit attributable to operating activities :</i>		
<i>Non-cash flows in profit/(loss)</i>		
Depreciation and amortisation	3,105	2,892
Share based payments	157	241
Foreign currency revaluation	-	349
Net (gain)/loss on sale on non-current assets	6	221
(Gain)/loss in fair value of biological assets	8,313	11,862
Change in operating assets and liabilities:		
Decrease/(Increase) in trade receivables	162	315
Decrease/(Increase) in other receivables	17	42
Decrease/(Increase) in prepayments	(145)	201
Decrease/(Increase) in processed inventory	4,599	(354)
Decrease/(Increase) in feed inventory	80	373
Decrease/(Increase) in future income tax benefit	17,630	(9,124)
(Decrease)/Increase in trade creditors	(1,707)	(12,107)
(Decrease)/Increase in other creditors	(1,117)	484
(Decrease)/Increase in provisions	63	(83)
(Decrease)/Increase in deferred grant income	(48)	286
Net cash inflow from operating activities	(1,246)	(20,053)

32 Earnings Per Share

	Consolidated Group	
	2011	2010
(a) Basic earnings per share (cents/share)		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company	(7.39)	(4.84)
(b) Diluted earnings per share (cents/share)		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the company	(7.39)	(4.84)

Notes to the Financial Statements

For the year ended 30 June 2011

32 Earnings Per Share (continued)

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

	Consolidated Group	
	2011 \$ '000	2010 \$ '000
<i>Basic earnings per share</i>		
Profit/(loss) from continuing operations	(32,361)	(15,651)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	<u>(32,361)</u>	<u>(15,651)</u>
<i>Diluted earnings per share</i>		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(32,361)	(15,651)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	<u>(32,361)</u>	<u>(15,651)</u>

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

	Consolidated Group	
	2011	2010
Number for basic earnings per share	438,044,474	323,526,383
Effect of potential ordinary shares	1,154,110	1,600,000
Number for diluted earnings per share	<u>439,198,584</u>	<u>325,126,383</u>

(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.

Notes to the Financial Statements

For the year ended 30 June 2011

33 Operating Segments

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

Types of products and services by segment

(i) *Finfish sales*

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

(ii) *Tuna operations*

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

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

Segment assets

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

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

Segment liabilities

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

Unallocated items

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

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

Notes to the Financial Statements

For the year ended 30 June 2011

33 Operating Segments (continued)

(i) Segment performance

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

	Finfish \$ '000	Tuna \$ '000	Total \$ '000
Twelve months ended 30 June 2010			
Revenue			
Sales	39,409	-	39,409
Other income	61	-	61
Total segment revenue	39,470	-	39,470
Reconciliation of segment revenue to Group revenue			
Inter-segment elimination	-	-	-
Total Group revenue	39,470	-	39,470
Segment result	(21,420)	-	(21,420)
Reconciliation of segment result to Group net profit/(loss) before tax			
Amounts not included in segment result but reviewed by the board			
• depreciation and amortisation	(2,590)	(302)	(2,892)
Unallocated items			(463)
• finance			
Net profit/(loss) before tax from continuing operations			(24,775)

(ii) Segment assets

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

Notes to the Financial Statements

For the year ended 30 June 2011

33 Operating Segments (continued)

(ii) Segment assets (continued)

	Finfish \$ '000	Tuna \$ '000	Total \$ '000
Twelve months ended 30 June 2010			
Segment Assets	75,148	22,315	97,463
Segment asset increases for the period			
• intangible asset - Tuna propagation costs capitalised	-	2,259	2,259
• capital expenditure	2,180	5,845	8,025
	<u>2,180</u>	<u>8,104</u>	<u>10,284</u>
Reconciliation of segment assets to Group assets			
Unallocated assets			
• intangible assets			4,945
• deferred tax assets			17,630
Total Group assets from continuing operations			<u>120,038</u>

(iii) Segment liabilities

	Finfish \$ '000	Tuna \$ '000	Total \$ '000
Twelve months ended 30 June 2011			
Segment liabilities	4,136	4,050	8,186
Reconciliation of segment liabilities to Group liabilities			
Unallocated liabilities			
• deferred tax liabilities	-	-	-
Total Group liabilities from continuing operations	<u>4,136</u>	<u>4,050</u>	<u>8,186</u>
Twelve months ended 30 June 2010			
Segment liabilities	6,805	4,190	10,995
Reconciliation of segment liabilities to Group liabilities			
Unallocated liabilities			
• deferred tax liabilities	-	-	-
Total Group liabilities from continuing operations	<u>6,805</u>	<u>4,190</u>	<u>10,995</u>

(iv) Revenue by geographic region

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

	Consolidated Group	
	2011 \$ '000	2010 \$ '000
Australia	14,856	15,452
United States of America	5,299	6,270
Europe	13,551	13,740
Asia	5,011	3,290
Total revenue	<u>38,717</u>	<u>38,752</u>

(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 10% (2010: 11%) of external revenue. The next most significant customer accounts for 5% (2010: 5%) of external revenue.

Notes to the Financial Statements

For the year ended 30 June 2011

34 Clean Seas Tuna Ltd Parent Company Information

2011
\$ '000

2010
\$ '000

Parent entity

Assets

Current assets

7,562 7,871

Non-current assets

131,102 140,284

Total assets

138,664 148,155

Liabilities

Current liabilities

958 1,897

Non-current liabilities

4,227 4,205

Total liabilities

5,185 6,102

Equity

Issued capital

143,838 136,969

Retained earnings

(11,333) 4,267

Reserves

Share option reserve

974 817

Financial performance

Profit/(loss) for the year

(15,600) 6,061

Other comprehensive income

- -

Total comprehensive income

(15,600) 6,061

Guarantees in relation to the debts of the subsidiary

There are no guarantees in place at present.

Contingent liabilities

See note 26.

Contractual commitments

See note 27.

Directors declaration

For the year ended 30 June 2011

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 26 to 66, are in accordance with the Corporations Act 2001, and:
 - a. complying with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30th June 2011 and of the performance for the year ended on that date of the company and the consolidated group; and
 - c. comply with International Financial Reporting Standards as disclosed in note 1;
2. The Chief Executive Officer and the Chief Financial Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
 - b. the financial statement and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statement and notes for the financial year give a true and fair view;
3. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr. J Ellice- Flint
Chairman

18 August 2011

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

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

Auditor's responsibility

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

Grant Thornton South Australian Partnership ABN 27 244 906 724
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

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

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

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Clean Seas Tuna Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1(u) in the financial report which indicates that the consolidated entity incurred a before tax loss of \$14,731,000 and cash used in operating activities of \$1,246,000 during the year ended 30 June 2011. These conditions as set out in Note 1(u), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 10 to 14 of the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



S J Gray
Partner

Adelaide, 18 August 2011