



CLEAN SEAS TUNA LIMITED

ABN 61 094 380 435

APPENDIX 4D STATEMENT - HALF YEAR REPORT

**RESULTS FOR ANNOUNCEMENT TO THE MARKET
HALF-YEAR ENDED 31 DECEMBER 2009**

(Comparative figures being the half-year ended 31 December 2008)

Revenue	up	48%	to	\$ '000 19,269
Profit/(Loss) from ordinary activities after tax attributable to members.	down	-112%	to	(14,164)
Net Profit/(Loss) for the period attributable to members.	down	-112%	to	(14,164)
Net tangible asset backing per ordinary share	down	24%	to	\$ 0.24
Dividends.				<u>Amount per security</u> Nil
Record date for determining entitlements to dividends.				No dividend declared

Details of the Groups performance for the first six months of FY 2010 are attached to this notice.

This report is all the half year information provided to the Australian Securities Exchange under listing rule 4.2A. The report also satisfies the half year reporting requirements of the Corporations Act 2001.

This half year financial report should be read in conjunction with the 2009 annual financial report.

26 February 2010

Company Announcements
Australian Securities Exchange Ltd

Half-Year Results Announcement for Period to 31 December 2009 post Audit Review

The company's loss post tax for the 6 months to 31 December 2009 was \$14.2 million compared to a post tax loss of \$6.7 million to 31 December 2008.

The worse than anticipated result has largely arisen as a consequence of the difficulties of the yellowtail kingfish business and the company taking positive steps to scale back those operations to a profitable and long term sustainable business. Over the past few months, executive management has been conducting a bottom up review of the business and has formulated a strategy to bring more rigour, discipline and accountability to the enterprise. As a result, the board is looking at various options. A restructure of the kingfish business is pending. The board has made the decision to devote much greater resources to the company's core business, tuna.

OVERVIEW OF RESULTS 1HFY2010

1) Southern Bluefin Tuna (SBT) Business

A) Spawning

The commencement of SBT spawning was successfully brought forward by some two months over the prior season. This is considered a major advancement by the science community around the world. Spawning commenced on 14 January 2010 and intermittent spawning events occurred over the next month. At present, the broodstock are showing positive courting behaviour and may recommence spawning in March as in previous years.

Fertilised eggs were successfully transferred into the Arno Bay kingfish hatchery which had been modified for SBT fingerling production pending completion of the company's new \$6.5 million recirculating larval rearing system. Stage one of this system has been commissioned and live kingfish larvae were fed to SBT larvae as planned. Stage two (SBT larval production in recirculated tanks) will be completed and trialled ready for next season's SBT production run scheduled for January 2011. This purpose designed recirculation facility will incorporate a wide range of bacterial, temperature and water quality control parameters which in turn will materially lessen the risk of hatchery operational problems.

Fertilised SBT eggs were also transferred to SARDI's facility at West Beach for continuing larval rearing trials and the preliminary assessment of the SARDI trials is that they have been successful and achieved their objectives.

The program to date has raised new challenges and the oldest fingerlings survived to 38 days old and were actively feeding on live feed. This year the

company was successful in feeding the larvae their first live feeds, whereas in the previous year this was a significant hurdle. The larval rearing staff are currently conducting a detailed review of the season to date and are working to further refine procedures and programmes before the next spawning.

B) SBT Feed Trials

A key component of this year's SBT R&D program is the further development of weaning and juvenile pelletised feeds which are required for commercialisation. The company purchased tuna quota and is growing out some 70 tonnes of premium quality SBT and it is conducting pelletised feed trials with two commercial feed companies. Overall, the feed trials are progressing well and the company anticipates having over 100 tonne of pellet fed catch and grow tuna to market in 1HFY11.

C) Kinki University Relationship

Senior professors from Kinki University spent time in the Arno Bay facility last week as part of the on-going research and development relationship. The company is pleased to announce that an in principle agreement has been reached to formulate a commercialisation agreement between Kinki University and Clean Seas Tuna Ltd. This is a significant step forward in the relationship as previously the agreement was limited to research and development only.

D) Research Partners

In addition to Kinki University, the company continues to draw on the experiences of their key research partners Seafood CRC, FRDC, SARDI and the University of the Sunshine Coast.

2) **Kingfish and Mulloway Division**

Key operating focus for the half year was a strategy to reduce overall inventory levels, to clear slow moving frozen product and to enable kingfish business profitability, consequently:-

- Sales volume was 75% up on 1HFY2009 with domestic sales up 51% and exports up 103%, although farmgate revenue was only up a net 48% to \$13 million. A further write-down in inventory and losses on sales of fish destined for fresh markets converted and sold as value added and frozen product of \$1.4 million post tax.
- Marketing spend was substantially greater than last year (\$0.7 million post tax) in order to increase sales volumes and to establish the new value added product range owing to the previous over production issues. The strong Australian dollar has severely impacted sales in Europe and the USA and has detrimentally affected farmgate revenues. This half-year result includes an unfavourable foreign exchange impact of \$0.8 million on our farmgate returns compared to the same period last year.

- Overall the company's inventory has been reduced by 1,831 tonnes compared to 30/06/09, whole fish equivalent. This reduction in tonnage is due to three factors:-
 - i) Aggressive sell down as above;
 - ii) A cut in CY2010 of fingerling production to some 700,000; and
 - iii) Lower growth and unanticipated fish losses on grading and harvesting.

It is estimated that these factors contributed \$6.1 million (post tax) to the first half-year loss compared to the same period last year.

Of the factors listed above, the largest contributor was poor growth and stock losses verified on grading and harvesting. The poor growth is attributable to the new feeding regime implemented in July 2009. This regime is being progressively refined, and will lead to improved FCRs and acceptable growth rates in 2HFY2010.

OUTLOOK FOR 2HFY2010

A) Kingfish Business

The following steps have been undertaken to turnaround the kingfish business:-

- A detailed review of the company's strategy, direction and vision has been undertaken in February 2010 and a restructure of the kingfish business is underway.
- A full review of the marine operations, stocking levels and fingerling intake timing has been undertaken resulting in a reduction in kingfish intake numbers and improved use of existing grow-out resources. Significant reductions in production costs are anticipated over the next half year as the full benefit of the revised feeding regime, automated feeding equipment, anti-foulant net treatment, fallowing and centralised automated harvesting are realised. A permit has been received to trial anti-foulant on many of the company's nets and if the trial is successful, nets may only need to be changed once per annum rather than the summer cycle of every 10 days and this should result in savings in operating costs of some millions of dollars per annum.
- A policy has been implemented to grade and count fingerlings in the first winter following their transfer to sea cages to detect early mortalities earlier in the inventory management cycle.
- A full review of the company's marketing strategy is underway and excess inventory has now been largely cleared and/or adequately provided for and price increases have already been implemented in

Europe, the USA and Australia, bringing an end to loss leading sales.

- The company owns more than the required infrastructure for the cost effective production of the revised 2,500 – 3,000 tonnes of annual kingfish production. Surplus plant and equipment, principally nets and vessels, will be transferred to the tuna division. There is no substantial capital expenditure required in the short term.
- The company has undertaken a major review of its fish processors and with the reduced production targets, production can be adequately serviced by two processing works. A tender process has been undertaken and a reduction in processing contract prices has been achieved. These reductions have been complemented by savings in freight and packaging costs.

B) SBT Business

The cut back in SBT quota for the Australian industry by ~24% is a timely reminder of the role the company will play in helping to protect a dwindling natural resource by providing consumers with a sustainable alternative to wild catch tuna. Sustainable aquaculture produce is growing in demand and this company is well placed to be able to deliver a unique and specialised product to consumers the world over. Following the reduction in SBT quota, the company is waiting with interest for the Convention on International Trade in Endangered Species (CITES) vote regarding the Northern Bluefin Tuna in March 2010. The European Commission has announced that it will put forward a proposal to its member states to include Atlantic Bluefin Tuna under CITES and ban fishing thereof.

Given the nature of research and development, it is not possible to predict the rate of progress that will be achieved with the commercialisation by the company of the closure of the SBT lifecycle. Directors are confident, however, given the lessons learnt from the current spawning, that substantial progress will be achieved in 2HFY2010 in all key areas of this breakthrough industry.

C) Gearing

The company is debt free following significant capital raisings in 1HFY2010, and is now well placed to take appropriate advantage of the many opportunities available for premium species aquaculture production in Australia.

Clifford Ashby
Managing Director
26 February 2010



CLEAN SEAS TUNA LIMITED

and its Controlled Entities
ABN 61 094 380 435

Appendix 4D : Half-Year Report (Pursuant to Listing Rule 4.2A)

Financial Report for the Half Year Ended 31 December 2009

(The Half-Year financial report does not contain all the notes of the type normally included in an Annual Financial Report. Accordingly it is recommended that the Half-Year report is read in conjunction with the Annual Financial Report of Clean Seas Tuna Limited for the financial year ended 30 June 2009 together with any public announcements made by Clean Seas Tuna Limited and its controlled entities during the half year ended 31 December 2009 in accordance with the continuous disclosure requirements of the Listing Rules of The Australian Securities Exchange)

CLEAN SEAS TUNA LIMITED

ABN 61 094 380 435

HALF-YEAR ENDED 31 DECEMBER 2009

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated Group, consisting of Clean Seas Tuna Limited and the entities it controlled at the end of or during the half year, for the half-year ended 31 December 2009.

Directors

The names of directors who held office during or since the end of the half-year:

Mr. John Ellice-Flint (Chairman)	Appointed 2 December 2009
Mr. Hagen Stehr AO	Appointed 5 September 2000
Mr. Marcus Stehr	Appointed 5 September 2000
Sir Tipene O'Regan	Appointed 15 November 2004
Mr. Ian McLachlan AO	Appointed 1 September 2005
Mr. Clifford Ashby	Appointed 2 December 2009
Mr. Paul Robinson (Alternate for Mr. Hagen Stehr AO)	Appointed 9 December 2005

Review of Operations

The Directors review of the operations of the consolidated Group during the half-year and the results of those operations are set out in the attached Results Announcement for the half-year.

Rounding of Amounts

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

Auditor's Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 3 for the half-year ended 31 December 2009.

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


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C.W. Ashby
Managing Director

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CLEAN SEAS TUNA LIMITED AND CONTROLLED
ENTITY**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Clean Seas Tuna Limited and Controlled Entity for the half-year ended 31 December 2009, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



P S Paterson
Partner

Signed at Adelaide on this *26* day of *February* 2010

Clean Seas Tuna Limited
Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2009

	Note	Consolidated Half-Year	
		31-Dec-09 \$ '000	31-Dec-08 \$ '000
Revenue	2(a)	18,653	12,719
Other Income	2(b)	486	279
		19,139	12,998
Net gain/(loss) arising from changes in fair value of grow out Kingfish and Mulloway		(14,795)	1,317
Foreign currency instrument revaluation		(39)	(1,731)
Employee benefits expense		(5,614)	(5,217)
Fish husbandry expense		(7,431)	(10,013)
Fish processing and selling expense		(6,936)	(3,815)
Depreciation and amortisation expense	2(c)	(1,436)	(1,262)
Other expenses		(2,390)	(815)
Total expenses, excluding net financing costs		(38,641)	(21,536)
Interest revenue		130	5
Financial expenses	2(c)	(859)	(927)
Net profit/(loss) before income tax		(20,231)	(9,460)
Income tax (expense)/benefit		6,067	2,790
Net profit/(loss) from continuing operations		(14,164)	(6,670)
Other comprehensive income		-	-
Total comprehensive income for the period		(14,164)	(6,670)
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	5	(6.11)	(4.21)
Diluted earnings per share (cents per share)	5	(6.11)	(4.21)

The accompanying notes form part of this financial report.

Clean Seas Tuna Limited
Consolidated Statement of Financial Position
As at 31 December 2009

	Note	Consolidated	
		31-Dec-09 \$ '000	30-Jun-09 \$ '000
CURRENT ASSETS			
Cash and Cash Equivalents	4	23,882	13,836
Trade and Other Receivables		3,253	4,167
Processed Inventory		5,137	4,872
Consumable Inventory		1,362	1,710
Derivative Receivable		311	349
Biological Assets	8	21,467	36,262
Prepayments		2,108	447
TOTAL CURRENT ASSETS		57,520	61,643
NON-CURRENT ASSETS			
Prepayments		-	116
Biological Assets	8	2,751	2,751
Property, Plant and Equipment		30,675	27,749
Other Non-Current Assets	9	13,155	13,155
Intangible Assets	10	11,136	10,585
Deferred Tax Assets		14,428	7,140
TOTAL NON-CURRENT ASSETS		72,145	61,496
TOTAL ASSETS		129,665	123,139
CURRENT LIABILITIES			
Trade and Other Payables		10,727	17,785
Borrowings		5,000	27,000
Provisions		645	699
TOTAL CURRENT LIABILITIES		16,372	45,484
NON-CURRENT LIABILITIES			
Deferred Grant Income		4,122	3,812
Provisions		181	207
TOTAL NON-CURRENT LIABILITIES		4,303	4,019
TOTAL LIABILITIES		20,675	49,503
NET ASSETS		108,990	73,636
EQUITY			
Issued Capital	3	135,670	86,152
Reserves		576	576
Retained Earnings		(27,256)	(13,092)
TOTAL EQUITY		108,990	73,636

The accompanying notes form part of this financial report.

Clean Seas Tuna Limited
Consolidated Statement of Changes in Equity
As at 31 December 2009

	Ordinary shares \$ '000	Converting notes \$ '000	Options reserve \$ '000	Retained earnings \$ '000	Total \$ '000
Balance as at 1 July 2008	61,910	1,230	336	(528)	62,948
Total comprehensive income for the period	-	-	-	(6,670)	(6,670)
Cost of options issued during period	-	-	121	-	121
Notes converted	1,230	(1,230)	-	-	-
Balance as at 31 December 2008	<u>63,140</u>	<u>-</u>	<u>457</u>	<u>(7,198)</u>	<u>56,399</u>
Balance as at 1 July 2009	86,152	-	576	(13,092)	73,636
Total comprehensive income for the period	-	-	-	(14,164)	(14,164)
Share placement	42,000	-	-	-	42,000
Rights issue	10,361	-	-	-	10,361
Net cost of issues	(2,843)	-	-	-	(2,843)
Balance as at 31 December 2009	<u>135,670</u>	<u>-</u>	<u>576</u>	<u>(27,256)</u>	<u>108,990</u>

The accompanying notes form part of this financial report.

Clean Seas Tuna Limited
Consolidated Statement of Cash Flows
As at 31 December 2009

	Note	Consolidated Half-Year	
		31-Dec-09 \$ '000	31-Dec-08 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		20,330	12,724
Receipts from AusIndustry Grant		310	360
Payments to suppliers and employees		(31,715)	(25,134)
Financial income received		130	9
Financial expenses paid		(795)	(885)
Income taxes paid		-	-
NET CASH PROVIDED BY/(USED) IN OPERATING ACTIVITIES		(11,740)	(12,926)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		(4,363)	(3,719)
Proceeds on disposal of non-current assets		-	18
NET CASH PROVIDED BY/(USED) IN INVESTING ACTIVITIES		(4,363)	(3,701)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		52,361	-
Payments for costs incurred in capital raising		(4,062)	-
Proceeds from borrowings		-	16,300
Repayment of borrowings		(22,150)	-
NET CASH PROVIDED BY/(USED) IN FINANCING ACTIVITIES		26,149	16,300
Net increase/(decrease) in cash held		10,046	(327)
Cash and cash equivalents at beginning of period		13,836	736
Cash and Cash equivalents at end of the period	4	23,882	409

The accompanying notes form part of this financial report.

Notes to The Interim Financial Report**1 Basis of Preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Clean Seas Tuna Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made during the half-year.

The format of the Statement of Comprehensive Income has been modified in this reporting period to include wild catch Tuna sales in finfish sales and provide users with comparative sales on a gross sales basis rather than on a net sales basis as previously reported. Comparative 31 December 2008 results for Revenues have been reported as \$12,719,000, other income as \$279,000 and Fish Processing and Selling Expense as \$3,815,000 in the Statement of Comprehensive Income. These comparatives were previously reported as \$9,240,000, \$537,000 and \$397,000 respectively in the 31 December 2008 half-year report.

The format of the Statement of Comprehensive Income has been modified in this reporting period to adopt the description of fish husbandry expense in place of raw material and consumables used. Comparative 31 December 2008 results for fish husbandry expense have been reported as \$10,013,000 and other expenses as \$815,000. These comparatives were previously reported as \$7,597,000 and \$3,432,000 in the December 2008 half-year report.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

Note 1: Basis of preparation (Continued)

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

The principle assets subject to impairment review and recoverability considerations are:

- Growout PIRSA leases and licenses
- Development costs
- Goodwill
- Broodstock
- Parent loan to subsidiary
- Net deferred tax position

The key assumptions supporting value in use calculations include:

- the Southern Bluefin Tuna (SBT) project will be successfully commercialised
- the SBT project will be cash flow positive from 2014
- discount rate applied for net present value calculations 8%
- the death of a broodstock fish is not an impairment trigger provided there are sufficient broodstock on hand to support the project objectives.

The PIRSA leases, development costs, goodwill, broodstock assets and loan to subsidiary are not impaired at 31 December 2009.

Fish held for sale

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 31 December 2009 the Company has 3,046,803 kilograms of fish in water held for sale valued at \$21,467,216 (30 June 2009 : 4,978,385 kilograms valued at \$36,261,819). Management and the board are confident that markets will continue to expand to accommodate the sale of fish being grown.

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 loss of \$14,164,000 for the half year ended 31 December 2009. The Group is well advanced with the closure of the Southern Bluefin Tuna (SBT) life cycle and the project is entering 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.

Clean Seas Tuna Limited
Condensed Notes to the Consolidated Interim Financial Report

2 Profit/(loss) for the half year	Consolidated Half-Year	
	31-Dec-09 \$ '000	31-Dec-08 \$ '000
Profit/(loss) for the half year includes the following items of revenue and expense:		
(a) Revenue		
Sale of fingerlings	100	105
Sale of value added fish products	2,606	696
Sale of finfish	15,947	11,918
Total revenue	18,653	12,719
(b) Other income		
Other	486	279
Total other income	486	279
(c) Expenses		
Depreciation of non-current assets	1,436	1,262
Total depreciation	1,436	1,262
Interest expense	826	891
Bank fees	33	36
Total finance costs	859	927

3 Issued capital	31-Dec-09	30-Jun-09	31-Dec-09	30-Jun-09
	Shares	Shares	\$'000	\$'000
(a) Share Capital				
Ordinary shares				
Fully paid	411,554,534	202,112,534	135,670	86,152
Total issued capital	411,554,534	202,112,534	135,670	86,152

(b) Movements in ordinary share capital :

Date	Details	Notes	Number of shares	\$'000
1-Jul-09	Opening balance		202,112,534	86,152
28-Oct-09	Share placement (tranche 1)		30,316,880	7,579
9-Dec-09	Share placement (tranche 2)		137,683,120	34,421
24-Dec-09	Share purchase plan		41,442,000	10,361
	Cost of issues			(4,062)
	Deferred tax asset on costs			1,219
31-Dec-09	Balance		411,554,534	135,670

Clean Seas Tuna Limited
Condensed Notes to the Consolidated Interim Financial Report

4 Notes to the statement of cash flows

Reconciliation of cash and cash equivalents

Cash includes cash on hand, at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in this statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	Half-Year	
	31-Dec-09	30-Jun-09
	\$ '000	\$ '000
Cash at bank	7,782	300
Cash on deposit	16,100	13,536
	23,882	13,836

5 Earnings per share

	Consolidated	
	Half-Year	
	31-Dec-09	31-Dec-08
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	231,834,357	158,522,253
Number for diluted earnings per share	231,834,357	158,522,253
	cents/share	
Basic earnings per share - ordinary shares	(6.11)	(4.21)
Diluted earnings per share - ordinary shares	(6.11)	(4.21)

6 Contingent liabilities

- Austrade grant

Clean Seas has entered into a Commercial Ready Grant Agreement with the Commonwealth of Australia acting through the Department of Industry, Tourism and Resources. The parties acknowledge that the giving of the Grant for the purposes of the closure of the life-cycle of southern bluefin tuna project is intended to deliver substantial national benefit to Australia and as such the company has agreed to use its best endeavours to ensure that the planned outcomes for the Project as specified in the agreement are achieved and that the Project, or its outcome, is commercialised on normal commercial terms and within a reasonable time of completion of the Project. The company must immediately notify the Commonwealth if at any time it believes its capacity to achieve the planned outcomes is compromised or it wishes to commercialise the Project, or its outcomes, other than in accordance with the Agreement specifications. If these requirements are not met, the Commonwealth may require the company to repay some or all of the Grant paid to the company, together with interest at a rate of 5.185% per annum.

The support from AusIndustry finished 28 February 2009 after being extended from 31 August 2008. Under the general conditions of the Grant, the Deed does not terminate for five years after the completion date and the Company is required to continue to meet the obligations under the Deed.

- UniAqua agreement

In June 2006 the company entered into a support agreement with Uni-Aqua of Denmark. Uni-Aqua are the developers of the recirculation system installed in the Tuna broodstock facility located at Arno Bay. The agreement covers support in two areas.

Southern Bluefin Tuna - when the company produces 25,000 viable SBT fingerlings the entity will pay Uni-Aqua \$800,000 and allot 400,000 options to purchase ordinary shares in CST at \$0.50.

Yellowtail Kingfish - when the company produces 4,000 tonnes of Kingfish that have achieved growth in excess of 3.5 kilograms in less than 12 months using Uni-Aqua recirculation technology the entity will pay \$500,000 to Uni-Aqua.

7 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.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

Clean Seas Tuna Limited

Condensed Notes to the Consolidated Interim Financial Report

(i) Segment performance

	Finfish	Tuna	Total
	\$ '000	\$ '000	\$ '000
Six months ended 31 Dec 2009			
Revenue			
Sales	18,653	-	18,653
Other income	486	-	486
Total segment revenue	<u>19,139</u>	<u>-</u>	<u>19,139</u>
Reconciliation of segment revenue to Group revenue			
Inter-segment elimination	<u>-</u>	<u>-</u>	<u>-</u>
Total Group revenue	<u>19,139</u>	<u>-</u>	<u>19,139</u>
Segment result	<u>(17,936)</u>	<u>-</u>	<u>(17,936)</u>
Reconciliation of segment result to Group net profit/(loss) before tax			
Amounts not included in segment result but reviewed by the board			
• depreciation and amortisation	(1,284)	(152)	(1,436)
Unallocated items			
• finance			(859)
Net profit/(loss) before tax from continuing operations			<u>(20,231)</u>

	Finfish	Tuna	Total
	\$ '000	\$ '000	\$ '000
Six months ended 31 Dec 2008			
Revenue			
Sales	12,719	-	12,719
Other income	279	-	279
Total segment revenue	<u>12,998</u>	<u>-</u>	<u>12,998</u>
Reconciliation of segment revenue to Group revenue			
Inter-segment elimination	<u>-</u>	<u>-</u>	<u>-</u>
Total Group revenue	<u>12,998</u>	<u>-</u>	<u>12,998</u>
Segment result	<u>(7,469)</u>	<u>-</u>	<u>(7,469)</u>
Reconciliation of segment result to Group net profit/(loss) before tax			
Amounts not included in segment result but reviewed by the board			
• depreciation and amortisation	(1,112)	(150)	(1,262)
Unallocated items			
• finance			(729)
Net profit/(loss) before tax from continuing operations			<u>(9,460)</u>

(ii) Segment assets

	Finfish	Tuna	Total
	\$ '000	\$ '000	\$ '000
Six months ended 31 Dec 2009			
Segment Assets	91,271	19,021	110,292
Segment asset increases for the period			
• intangible asset - Tuna propagation costs capitalised	-	552	552
• capital expenditure	218	3,392	3,610
	<u>218</u>	<u>3,944</u>	<u>4,162</u>
Reconciliation of segment assets to Group assets			
Unallocated assets			
• intangible assets			4,945
• deferred tax assets			14,428
Total Group assets from continuing operations			<u>129,665</u>

Clean Seas Tuna Limited

Condensed Notes to the Consolidated Interim Financial Report

(ii) Segment assets (continued)

	Finfish	Tuna	Total
	\$ '000	\$ '000	\$ '000
Six months ended 30 June 2009			
Segment Assets	95,975	15,078	111,053
Segment asset increases for the period			
• intangible asset - Tuna propagation costs capitalised	-	1,790	1,790
• capital expenditure	509	27	536
	<u>509</u>	<u>1,817</u>	<u>2,326</u>
Reconciliation of segment assets to Group assets			
Unallocated assets			
• intangible assets			4,946
• deferred tax assets			7,140
Total Group assets from continuing operations			<u>123,139</u>

(iii) Segment liabilities

	Finfish	Tuna	Total
	\$ '000	\$ '000	\$ '000
Six months ended 31 Dec 2009			
Segment liabilities	15,364	5,311	20,675
Reconciliation of segment liabilities to Group liabilities			
Unallocated liabilities			
• deferred tax liabilities	-	-	-
Total Group liabilities from continuing operations	<u>15,364</u>	<u>5,311</u>	<u>20,675</u>
Six months ended 30 June 2009			
Segment liabilities	45,618	3,885	49,503
Reconciliation of segment liabilities to Group liabilities			
Unallocated liabilities			
• deferred tax liabilities	-	-	-
Total Group liabilities from continuing operations	<u>45,618</u>	<u>3,885</u>	<u>49,503</u>

(iv) Revenue by geographic region

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

	Consolidated	
	Half-Year	
	31-Dec-09	31-Dec-08
	\$ '000	\$ '000
Australia	7,474	5,563
United States of America	2,768	1,176
Europe	6,939	5,059
Asia	1,472	921
Total revenue	<u>18,653</u>	<u>12,719</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 17% (2008: 16%) of external revenue. The next most significant customer accounts for 10% (2008: 8%) of external revenue.

Clean Seas Tuna Limited
Condensed Notes to the Consolidated Interim Financial Report

8 Biological assets

	Consolidated	
	Half-Year	
	31-Dec-09	30-Jun-09
	\$ '000	\$ '000
Current asset - fish held for sale		
Carrying amount at beginning of period	36,262	31,689
Gain arising from physical changes at fair value less estimated point-of-sale costs	(1,089)	27,077
Decreases due to harvest for sale	(10,606)	(17,644)
Decreases due to harvest for inventory	(3,100)	(4,860)
Carrying amount at end of period	21,467	36,262

	Consolidated	
	Half-Year	
	31-Dec-09	30-Jun-09
	\$ '000	\$ '000
Non-current asset - broodstock		
Kingfish	25	25
Mulloway	3	3
Southern Bluefin Tuna	2,723	2,723
Carrying amount at end of period	2,751	2,751

9 Other non-current assets

	Consolidated	
	Half-Year	
	31-Dec-09	30-Jun-09
	\$ '000	\$ '000
Growout leases and licences	12,803	12,803
Southern Bluefin Tuna (SBT) quota	352	352
	13,155	13,155

Additional growout leases and licences formed part of the asset base for the purchase of Clean Seas Aquaculture Growout Pty Ltd. These assets have been stated at fair value by the directors based on an independent valuation.

The SBT quota is carried at cost.

10 Intangible assets

	Consolidated	
	Half-Year	
	31-Dec-09	30-Jun-09
	\$ '000	\$ '000
Goodwill	4,945	4,945
Southern Bluefin Tuna lifecycle closure	6,191	5,640
	11,136	10,585

11 Events Subsequent to Reporting Date

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

CLEAN SEAS TUNA LIMITED

ABN 61 094 380 435

HALF-YEAR ENDED 31 DECEMBER 2009

DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) The financial statements and notes, as set out on pages 4 to 15, are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date.
- (b) 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.

Dated at Port Lincoln this 26th day of February 2010

A handwritten signature in black ink, appearing to read 'C.W. Ashby', is written over a horizontal dotted line. A vertical line extends downwards from the end of the signature.

Mr. C.W Ashby
Managing Director

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CLEAN SEAS TUNA LIMITED

We have reviewed the accompanying half-year financial report of Clean Seas Tuna Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CLEAN SEAS TUNA LIMITED AND CONTROLLED
ENTITIES Cont**

Auditor's responsibility Cont

As the auditor of Clean Seas Tuna Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Clean Seas Tuna Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Significant uncertainty regarding continuation as a going concern

Without qualifying our review conclusion attention is drawn to Note 1 – Going Concern Basis of Accounting to the half-year financial report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as a going concern. The half-year financial report has been prepared on the basis of going concern. The company and consolidated entity will require additional funds for the continued development of their existing projects and working capital.

The company and consolidated entity's ability to continue as a going concern is contingent upon ongoing support of financiers, future capital raising and / or an increase in profits generated from the business.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CLEAN SEAS TUNA LIMITED AND CONTROLLED
ENTITIES Cont**

Significant uncertainty regarding continuation as a going concern Cont

If additional funds are not forthcoming, the going concern basis may not be appropriate, with the result that the company and consolidated entity may have to realise their assets and extinguish their liabilities, other than in the ordinary course of business and in amounts different from those stated in the half-year financial report. No allowance for such circumstances has been made in the half-year financial report.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



P S Paterson
Partner

Signed at Adelaide on this *26* day of *February* 2010