



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 2006**

(Comparative figures being the half-year ended 31 December 2005)

				Dec-06
				\$ '000
Revenue	up	339%	to	4,299
Profit/(Loss) from ordinary activities after tax attributable to members.	up	492%	to	486
Net Profit/(Loss) for the period attributable to members.	up	492%	to	486
				<u>Amount per security</u>
Dividends.		cents/share		0.0000
Converting Note Interest	Unfranked	cents/note		2.2438
Record date for determining entitlements to dividends.				No dividend declared
Record date for determining entitlements to converting note interest.				26th March 2007
Brief explanation of any of the reported figures necessary to enable the figures to be understood.				Nil

This report is all the half-year information provided to the Australian Stock 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 2006 annual financial report.



CLEAN SEAS HALF YEAR RESULT PROFIT UP, SBT BREEDING PROGRAM ON TARGET

1. Overview

- Profits for 6 months to 31 December 2006 above budget.
- SBT broodstock responding well to their new onshore breeding facility at Arno Bay.
- Southern Bluefin Tuna industry economics continue to improve via materially higher prices as a consequence of reduced Japanese SBT quota and improved controls on overfishing of wild SBT and NBT.
- Integration of SAAM's Fitzgerald Bay Kingfish growout business and Port Augusta hatchery proceeding satisfactorily.
- Yellowtail Kingfish fingerling production increased to 760,000 in 1H 2007 from 400,000 in 1H FY2006, with 500,000 being retained for own growout (under contract by CSAG) compared to 150,000 in 1H FY2006.

2. Commentary

The Directors of Clean Seas Tuna Limited ("Clean Seas") are pleased to announce the company's results for the six months to 31 December 2006. The profit after tax of \$486,000 for the period reflects a 548% improvement on the full FY2006 after tax profit of \$75,000.

Since listing on the ASX in December 2005, Clean Seas has:-

- Commissioned its AusIndustry supported SBT breeding facility at Arno Bay, including the successful transfer of SBT broodstock in 1H FY2007.
- Raised \$8.25 million, via a placement of 7,500,000 ordinary shares and 7,500,000 9% p.a. convertible notes at \$0.55 each, in November 2006 to institutional investors.
- Raised \$1.1 million from Clean Seas shareholders via a Share Purchase Plan of 2,000,000 ordinary shares at \$0.55 each in November 2006.
- Acquired South Australian Aquaculture Management's ("SAAM") Kingfish business and increased hatchery production. This will result in Clean Seas increasing its Yellowtail Kingfish and Mulloway production and third party purchases from 670 tonnes in FY2006 to some 2,000 tonnes in FY2007.
- Increased after tax profits for 1H FY2007 to \$486,000 during the seasonal slower growth first half of the financial year. Directors anticipate further substantial profit improvement in 2H FY2007 as a consequence of increases in production numbers and materially improved growth over the summer/autumn period through to 30 June 2007.

Commenting on the December 2006 half year results, Clean Seas' Managing Director, Marcus Stehr, said:-

"The last six months has been a very positive period for Clean Seas. Our SBT breeding program has achieved a major milestone of transferring broodstock Tuna into the Arno Bay Tuna facility. The Tuna are now acclimatised and settled into their land based environment"

"On the production front we have been able to materially improve profits and future profit potential in the near term through increased Yellowtail Kingfish production capacity".

In light of the results and opportunities, Clean Seas will be examining over the period to 30 June 2007:-

- Potential improvements in production efficiencies from increased production volumes, adoption of better work practices and improved feed delivery and monitoring systems. This program is being coordinated by Chester Wilkes who joined CSAG in November 2006 as Operations Manager, after 20 years experience in northern Europe (most recently with Marine Harvest).
- Strengthened in-house and external Research & Development capabilities to prepare for full SBT aquaculture production, and required applied research solutions for improved Yellowtail Kingfish and Mulloway economic outcomes. In this regard, the company:-
 - Is currently formalising a 3+3 year Feed Supply & Technical Support Agreement with Ridley Agri Products Pty Ltd.
 - Has appointed Dr Craig Foster (formerly Managing Director of Skretting and Marine Harvest in Australia) as External Chair of the company's Research & Technical Advisory Committee.
 - Is planning to invest as the major private sector/industry participant in the December 2006 Commonwealth Government approved Seafood CRC Ltd, which entity will commence operations on 1 July 2007 with a projected seven year life and a total Research and Development budget in excess of \$100 million.

Commenting further on other opportunities open to the company, Mr Stehr advised:-

"While the progress by Clean Seas since the float is pleasing we need to remember that full commercialisation of SBT production is a medium and not near term goal. An initial spawning during March-April 2007 is optimistically anticipated by Directors, however, a large number of commercialisation challenges will then need to be progressively addressed. "

"Over the last six months the company has continued to meet the milestones outlined in the October 2005 prospectus, and we are confident that the company now has the necessary infrastructure and key personnel in place to achieve the further milestones previously outlined for our Southern Blue Fin Tuna lifecycle project."

For further information

Marcus Stehr, Clean Seas Tuna Limited
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CLEAN SEAS TUNA LIMITED

ABN 61 094 380 435

HALF-YEAR ENDED 31 DECEMBER 2006

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2006.

Directors

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

Mr. Hagen Stehr AO (Chairman)	Director since 2000
Mr. Marcus Stehr	Director since 2000
Sir Tipene O'Regan	Director since 2004
Mr. Ian McLachlan AO	Director since 2005
Mr. Paul Robinson (Alternate for Mr. Hagen Stehr AO)	Alternate Director since 2005

Review of Operations

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

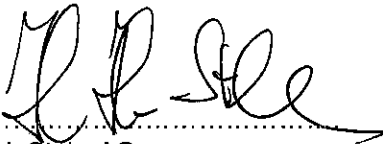
Rounding of Amounts

The economic entity 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 16 for the half year ended 31 December 2006.

Signed in accordance with a Resolution of the Directors.



H. H. Stehr AO
Chairman

CLEAN SEAS TUNA LIMITED

ABN 61 094 380 435

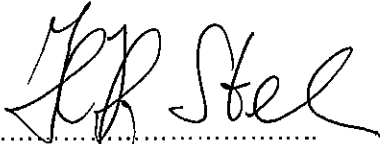
HALF-YEAR ENDED 31 DECEMBER 2006

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 The financial statements and notes, as set out on pages 3 to 15 :
 - a. Comply with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001; and
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2006 and of its performance for the half year ended on that date.
- 2 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. H. H. Stehr AO
Chairman

Clean Seas Tuna Limited
Income statement
for the half-year ended 31 December 2006

	Note	Half-Year	
		31 Dec 06 \$ '000	31 Dec 05 \$ '000
- Revenue	2	3,179	289
- Gain arising from changes in fair value of biological assets less cost to purchase Juvenile Kingfish and Mulloway.		1,120	691
		<u>4,299</u>	<u>980</u>
- Depreciation and amortisation expenses	2	(240)	(129)
- Other expenses	2	(3,406)	(781)
Total expenses, excluding net financing costs		<u>(3,646)</u>	<u>(910)</u>
- Other Income		165	3
- Financial income		114	30
- Financial expenses		(141)	(138)
- Net financing costs		<u>138</u>	<u>(105)</u>
Profit before income tax expense		791	(35)
- Income tax expense		305	89
Net profit attributable to members		<u>486</u>	<u>(124)</u>
Basic earnings per share - ordinary shares (cents per share)	5	0.42	(0.15)
Diluted earnings per share - ordinary shares (cents per share)	5	<u>0.42</u>	<u>(0.15)</u>

The income statement should be read in conjunction with the accompanying notes which form an integral part of the half-year financial statements.

Clean Seas Tuna Limited
Balance sheet
for the half-year ended 31 December 2006

	Note	31 Dec 06 \$ '000	30 Jun 06 \$ '000	31 Dec 05 \$ '000
CURRENT ASSETS				
Cash assets		7,245	4,993	11,515
Receivables		1,100	945	163
Biological assets	10	8,491	4,665	2,278
Prepayments		276	-	-
TOTAL CURRENT ASSETS		17,112	10,603	13,956
NON-CURRENT ASSETS				
Receivables		-	-	-
Prepayments		50	50	50
Biological assets	10	2,673	2,579	2,579
Property, plant and equipment		10,756	6,406	3,325
Intangible assets	11	2,184	450	143
Deferred tax assets		169	297	404
Other		-	-	-
TOTAL NON-CURRENT ASSETS		15,832	9,782	6,501
TOTAL ASSETS		32,944	20,385	20,457
CURRENT LIABILITIES				
Payables		2,278	1,275	1,295
Borrowings		1,801	1,909	1,239
Deferred grant income		7	1,527	152
Current tax liabilities		-	-	-
Provisions		58	29	26
TOTAL CURRENT LIABILITIES		4,144	4,740	2,712
NON-CURRENT LIABILITIES				
Payables		-	-	-
Borrowings		832	-	1,425
Non-Current tax liabilities		-	-	-
Deferred grant income		1,982	-	906
Provisions		15	13	2
TOTAL NON-CURRENT LIABILITIES		2,829	13	2,333
TOTAL LIABILITIES		6,973	4,753	5,045
NET ASSETS		25,971	15,632	15,412
EQUITY				
Issued capital	3	26,378	16,575	16,575
Reserves		85	35	14
Retained earnings		(492)	(978)	(1,177)
TOTAL EQUITY		25,971	15,632	15,412

The balance sheet should be read in conjunction with the accompanying notes which form an integral part of the half-year financial statements.

Clean Seas Tuna Limited
Statement of Cash Flows
for the half-year ended 31 December 2006

	Note	Half-Year	
		31 Dec 06 \$ '000	31 Dec 05 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,631	317
Receipts from AusIndustry Grant		937	1,061
Payments to suppliers and employees		(5,368)	(1,452)
Dividends received		-	-
Financial income received		115	12
Financial expenses paid		(458)	(117)
Income taxes paid		-	-
NET CASH USED IN OPERATING ACTIVITIES		(2,143)	(179)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		(6,108)	(3,360)
Payments for purchase of other investments		-	-
Loans repaid by other entities		-	1,118
Proceeds on disposal of non-current assets		-	-
NET CASH USED IN INVESTING ACTIVITIES		(6,108)	(2,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		10,982	18,000
Payments for costs incurred in Capital Raising		(479)	(1,608)
Proceeds from borrowings		3,129	3,250
Repayment of borrowings		(3,129)	(5,750)
NET CASH PROVIDED BY FINANCING ACTIVITIES		10,503	13,892
Cash and cash equivalents at beginning of period		4,993	44
Cash and cash equivalents at end of the period	4	7,245	11,515

The statement of cash flows should be read in conjunction with the accompanying notes which form an integral part of the half-year financial statements.

Clean Seas Tuna Limited
Statement of changes in equity
for the half-year ended 31 December 2006

	Ordinary Shares	Converting Notes	Retained Earnings	Option Reserve	Total
Balance at 1 July 2005	1,750	-	(1,053)	-	697
Option Reserve - options issued	-	-	-	14	14
Profit/(Loss) attributable to members	-	-	(124)	-	(124)
Shares issued during the period	9,000	-	-	-	9,000
Transaction Costs	(1,140)	-	-	-	(1,140)
Converting notes issued during the year	-	6,965	-	-	6,965
Balance at 31 December 2005	9,610	6,965	(1,177)	14	15,412
Balance at 1 July 2006	9,610	6,965	(978)	35	15,632
Option Reserve - options issued	-	-	-	50	50
Profit/(Loss) attributed to members	-	-	486	-	486
Shares issued during the period	6,041	-	-	-	6,041
Transaction Costs	(414)	-	-	-	(414)
Converting notes issued during the year	-	4,176	-	-	4,176
Balance at 31 December 2006	15,237	11,141	(492)	85	25,971

The statement of changes in equity should be read in conjunction with the accompanying notes which form an integral part of the half-year financial statements.

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Clean Seas Tuna Limited, during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

a) Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b) 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 fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

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.

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE 1: BASIS OF PREPARATION (continued)

Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by 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 assets 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 economic entity 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 group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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 economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Cages and Nets	20.0%
Plant and equipment	13.0%
Motor Vehicles	15.0%
Vessels	7.5%

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

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

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

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE 1: BASIS OF PREPARATION (continued)

c) 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 income statement 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 income statement 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 entity 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 income statement.

d) Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a definite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs 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.

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE 1: BASIS OF PREPARATION (continued)

e) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the entity'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 income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference 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 income statement.

f) Employee Benefits

Provision is made for the company'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.

g) Provisions

Provisions are recognised when the 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.

h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the balance sheet.

i) Revenue

- Revenue from the sale of goods is recognised upon the delivery of goods to customers.
- 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. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.
- 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).

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE 1: BASIS OF PREPARATION (continued)

i) Revenue (continued)

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

j) Borrowing expenses

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.

k) Good 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 balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a net of GST basis, except where the amount of GST incurred is not recoverable from the Australian Tax Office

l) Comparative figures

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

m) Rounding of amounts

The entity 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.

n) Biological Assets

Biological assets include fish held for sale and broodstock. These are valued under AASB 141.

Fish held for resale 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. This value is then discounted by a current market determined rate that reflects the normal operating risk in delivering the fish on hand at balance date for sale to the customer at a future date.

Broodstock is valued using the same principles detailed above. The net cash flows from production of kingfish and mulloway fingerlings is minimal. The commercial value is produced through growing the fish into saleable product. The southern bluefin tuna broodstock have yet to generate positive cashflows. 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 of a breeding age on hand to support the project objectives. The directors believe there are sufficient mature broodstock on hand and have implemented a broodstock replacement programme to ensure continuing access to mature broodstock.

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE 2: OPERATING PROFIT

	Half-Year	
	31 Dec 06 \$ '000	31 Dec 05 \$ '000
REVENUE		
Sale of fingerlings	451	289
Sale of finfish	2,728	-
	<u>3,179</u>	<u>289</u>
DEPRECIATION AND AMORTISATION EXPENSE		
Buildings and dams	133	51
Motor Vehicles	6	3
Plant, equipment and vessels	101	75
	<u>240</u>	<u>129</u>
OTHER EXPENSES		
Cost of sales	2,313	418
Administrative expenses	391	98
Employee benefits expense	495	265
Net (profit)/loss on sale of assets	(1)	-
Selling and marketing expenses	79	-
Other expenses	129	-
	<u>3,406</u>	<u>781</u>

NOTE 3: ISSUED CAPITAL

104,132,000 (2005: 93,000,000) ordinary shares, fully paid and 27,132,000 (2005: 18,000,000) 9% converting notes fully paid	26,378	16,575
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MOVEMENTS IN ISSUED CAPITAL

Balance at beginning of period	16,575	1,750
(2005: 73,250,000) shares issued under share split	-	-
1,632,000 (2005: 0) shares issued on acquisition of SAAM's assets	816	-
1,632,000 (2005: 0) converting notes issued on acquisition of SAAM's assets	679	-
9,500,000 (2005: 18,000,000) ordinary shares issued via Prospectus less expense	4,811	7,860
7,500,000 (2005: 18,000,000) converting notes issued via Prospectus	3,497	6,965
	<u>26,378</u>	<u>16,575</u>

In accordance with AASB 132, the converting notes have been classified into their component parts on initial recognition as a financial liability. The addition to equity has been determined as follows : -

SAAM's asset acquisition	\$679,651 to equity	\$136,349 to liability
Issued under prospectus	\$3,496,987 to equity	\$628,013 to liability

with the liability portion being represented in borrowings, (2005: \$6,964,996 equity and \$2,035,004 borrowings)

Holder of ordinary shares are entitled to receive 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

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE 4: NOTES TO 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 balance sheet as follows:

	Half-Year	
	31 Dec 06	31 Dec 05
	\$ '000	\$ '000
Cash at bank	2,342	1,013
Cash on Deposit	4,903	10,502
	<u>7,245</u>	<u>11,515</u>

NOTE 5: EARNINGS PER SHARE

Classification of Securities as ordinary shares

All ordinary shares have been included in basic earnings per share

All converting notes have been included in basic earnings per share

Classification of securities as potential ordinary shares

Options outstanding under the Employee Share Option Plan have been classified as potential ordinary shares and are included in diluted earnings per share.

	Half-Year	
	31 Dec 06	31 Dec 05
	\$ '000	\$ '000
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	115,905,696	80,086,957
Effect of potential ordinary shares	625,543	215,217
Number for diluted earnings per share	<u>116,531,239</u>	<u>80,302,174</u>
	cents/share	
Basic earnings per share - ordinary shares	0.42	(0.15)
Diluted earnings per share - ordinary shares	<u>0.42</u>	<u>(0.15)</u>

NOTE 6: EQUITY SECURITIES ISSUED

	Half-Year		Half-Year	
	2006	2005	31 Dec 06	31 Dec 05
	Securities	Securities	\$ '000	\$ '000
Issues of ordinary shares during the half year				
Issued under Prospectus	2,000,000	18,000,000	1,100	9,000
Expenses of issue net of tax			(414)	(1,140)
Issued as consideration for SAAM's assets	1,632,000	-	816	-
Shares Placed with Professional Investors	7,500,000	-	4,125	-
Issues of converting notes during the half year (refer Note 3)				
Issued under Prospectus	-	18,000,000	-	6,965
Issued as consideration for SAAM's assets	1,632,000	-	679	-
Placed with Professional Investors	7,500,000	-	3,497	-
			<u>9,803</u>	<u>14,825</u>

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE: 7 CONTINGENT LIABILITIES

The Treasurer of the State of South Australia has a registered charge over the Company to the value of \$275,000. The charge secures a claim that would arise in the event that the Company was in breach of the conditions attaching to a grant received. The Company is not aware of any breach or claim.

Uni-Aqua, the supplier of the recirculation system for the SBT Broodstock, will be paid \$0.8m and allotted 400,000 options at no cost, the options enabling the purchase of 400,000 ordinary shares for 50c each, the options to be exercised on or before 30th June 2011, contingent upon the production of no less than 25,000 viable SBT fingerlings of 5 grams or more, ready for transfer to sea cages.

Uni-Aqua is eligible to receive \$0.5m contingent upon Clean Seas Tuna Limited producing in any consecutive 12 month period up until 30 June 2011, not less than 4,000 tonnes of viable Kingfish using the Uni-Aqua recirculation technology, the majority of which must achieve 3.5kg plus in weight and are less than 12 months old.

NOTE: 8 SEGMENT REPORTING

The entity operates predominantly in one business and geographical segment being the cultivation and farming of Sea Food.

NOTE: 9 NET TANGIBLE ASSET BACKING

	Half-Year	
	31 Dec 06	31 Dec 05
Net tangible asset backing per ordinary share	0.23	0.16

NOTE: 10 BIOLOGICAL ASSETS

	Half-Year	
	31 Dec 06	31 Dec 05
	\$ '000	\$ '000
Current Asset - Fish held for sale		
Carrying amount at beginning of Period	4,665	-
Cost of purchase of Juvenile Kingfish and Mulloway	2,706	1,587
Gain arising from physical changes of biological assets at fair value less estimated point-of-sale costs	1,120	691
Carrying amount at end of period	8,491	2,278
Non-Current Asset - Broodstock		
Kingfish	23	23
Mulloway	3	3
Southern Bluefin Tuna	2,647	2,553
Carrying amount at end of period	2,673	2,579

NOTE: 11 INTANGIBLE ASSETS

	Half-Year	
	31 Dec 06	31 Dec 05
	\$ '000	\$ '000
PIRSA Aquaculture Licenses & Leases	1,103	39
Southern Bluefin Tuna - Statutory Fishing Rights	352	-
Option to Purchase - Clean Seas Aquaculture Growout Pty Ltd	25	-
Southern Bluefin Tuna lifecycle closure	704	104
	2,184	143

Costs directly attributable to the Southern Bluefin Tuna lifecycle closure project are capitalised and will be subject to impairment testing. The Southern Bluefin Tuna broodstock form part of the project and are separately disclosed as biological assets.

Clean Seas Tuna Limited
Notes to the Financial Statements

NOTE: 12 BUSINESS COMBINATIONS

On 12th October 2006, Clean Seas Tuna Limited purchased assets from South Australia Aquaculture Management Pty Ltd, Spencer Gulf Aquaculture Pty Ltd and Spencer Gulf Property Pty Ltd. The purchase of the assets was settled using a combination of cash, ordinary shares and converting notes.

	Fair Value \$ '000
<u>Assets purchased</u>	
Kingfish, broodstock, juveniles and fingerlings	2,637
PIRSA Lease and Licenses	1,000
Vessels	273
Vehicles	53
Sea Cages and Nets	84
Land and Buildings	159
Plant and Equipment	63
	4,269
Costs of Acquisition - Stamp Duty, Legal and Professional fees	274
	4,543
 <u>Settlement</u>	
Ordinary Shares - 1,632,000 issued at 50c per share	816
Converting Notes - 1,632,000 issued at 50c per note	816
Cash	2,911
	4,543

The above figures represent fair value as determined by: -

- a) valuation for the land and buildings.
- b) Directors valuation for the balance of assets.

- No amounts have been recognised as goodwill nor has an excess been recognised in profit or loss.
- The fair value of the equity instruments issued was determined in the business sale agreement entered into by a willing buyer and seller.
- Insufficient information was available to ascertain the carrying values of the assets immediately prior to the combination.
- A contribution of \$1,597,963, which includes the gain in the fair value of biological assets acquired, is included in the profit of the combined business.
- Due to the current seasonality of the kingfish farming business, it is impractical to disclose the revenue, nor the profit or loss of the combined business as if the assets were purchased at the beginning of the reporting period.

NOTE: 13 EVENTS SUBSEQUENT TO BALANCE DATE

During January 2007, unseasonal rains were experienced in the Whyalla area with severe run-off occurring into the Fitzgerald Bay marine environment. Higher than normal mortalities were experienced due to the run-off into some of the lease sites that contain Kingfish. A conservative estimate of the mortalities at market value is \$230,000. The cumulative mortalities of Kingfish for FY2007 to date is still below forecasts after this one off event.

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CLEAN SEAS TUNA LIMITED & 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 for the half-year ended 31 December 2006, 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
South Australian Partnership
Chartered Accountants



P S PATERSON
Partner

Signed at *Wayville* this *26* day of *February* 2007

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**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF CLEAN SEAS TUNA LIMITED & CONTROLLED ENTITY**

Scope

Report on the financial report

We have reviewed the accompanying interim financial report of Clean Seas Tuna Limited and Controlled Entity, which comprises the consolidated interim balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the Financial Report

The directors' of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim 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.

Auditors' responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As 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 an interim 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 have complied with the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

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Conclusion

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

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



P S PATERSON
Partner

Signed at *Wayville* this *26* day of *February* 2007