



## **ASX Release - CAQ**

### **Appendix 4C Quarterly Report – October to December 2010**

**31 January 2011:** During the December quarter, Cell Aquaculture Limited (ASX: CAQ) has focussed primarily on the following areas:

- Advancement of the Company's commercial-scale production operations in Thailand;
- Further development of CAQ's wholly owned food processing business - Cell Aqua Foods Pty Ltd;
- Advancement of the Singapore, South African and Malaysian projects;
- Securing financing to allow the Company to accelerate its key growth objectives.

#### **Thailand Operations**

In Thailand, CAQ is currently advancing the retro-fit of an existing aquaculture facility with proprietary 'Cell' equipment to increase efficiencies, as well as planning the development of large-commercial scale purpose built 'Cell' facilities on the adjoining site.

The Company made significant progress on advancing the existing facility retro-fit during the quarter, which accounts for the bulk of working capital expenditure during the period. The retro-fit facility is due for completion in late-February, enabling the facility to then be stocked up progressively to full capacity.

Design and documentation is now virtually complete for the development of the purpose built 'Cell' facilities on the adjoining site. The Company is currently in negotiations with various contractors and suppliers to finalise project costings.

#### **Cell Aqua Foods**

CAQ continues to refine its wholly owned food processing, value adding and distribution business – Cell Aqua Foods Pty Ltd. During the period, the Company completed a rationalisation of the business, enabling it to focus primarily on the development of its seafood lines, under the Eco-Star™ brand.

The rationalisation process has resulted in the Company significantly scaling back many of the non-core products and customers, whilst streamlining the Eco-Star™ product range, including: branding and packaging, production processes, quality control and new product development.

During the quarter, CAQ generated sales of approx \$170,000 (actual cash received \$97,000), primarily from Cell Aqua Foods. Sales have only been targeted on the West Australian marketplace throughout the rationalisation process to firm up the Company's offerings. The Company will now focus on national distribution, followed by international distribution and is of the view that with all products and processes now streamlined, revenues will be more readily and reliably increased.

### **Singapore, South Africa and Malaysian Projects**

The Company is gaining traction on its Singapore, South African and Malaysian projects and further updates will be provided as they materialise.

### **Securing of Financing to Accelerate Growth Objectives**

During the quarter, significant time and resources were focussed on sourcing suitable financing arrangements for the Company to advance its growth objectives. Subsequent to the quarter, the Company was pleased to advise that a US\$6 million financing agreement was executed with U.S. based institutional investor, La Jolla Cove Investors, Inc. – see CAQ ASX announcement, dated 27 January 2011.

With this financing arrangement in place, the management team is now diligently focussed on advancing the Company's growth objectives.

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### **Cell Aquaculture Ltd (Australia)**

Headquartered in Western Australia, Cell Aquaculture Limited is an international aquaculture company, publicly listed on the Australian Securities Exchange (ASX). Cell Aquaculture supplies a full range of environmentally sustainable, vertically integrated seafood production services – encompassing everything from 'Hatch to Dispatch'.

Developed over twelve years the Cell™ propriety system is a complete land based environmentally responsible aquaculture system developed for the production and supply of premium quality fin-fish.

Cell Aquaculture has established hatchery operations for Australian Barramundi at James Cook University, Queensland, and has also commenced production trials on a range of further 'high value' premium species for commercial production.

Cell Aquaculture has a number of large scale land-based recirculating seafood production projects, at varying stages of development, in Malaysia, Singapore, Thailand and South Africa.

Cell Aquaculture supplies and installs growing systems, manages the operations, as well as processing, value-adding, branding and sales of finished product.

For further information, visit [www.cellaqua.com](http://www.cellaqua.com)

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Cell Aquaculture Limited

ABN

86 091 687 740

Quarter ended ("current quarter")

31 December 2010

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	97	254
1.2	Payments for		
	(a) staff costs	(88)	(271)
	(b) advertising and marketing	(4)	(15)
	(c) research and development	(51)	(111)
	(d) leased assets	-	-
	(e) other working capital	(500)	(898)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	20	47
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – R&D tax refund	-	97
<b>Net operating cash flows</b>		<b>(526)</b>	<b>(897)</b>

+ See chapter 19 for defined terms.

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**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.8 Net operating cash flows (carried forward)</b>	<b>(526)</b>	<b>(897)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(34)	(144)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(34)</b>	<b>(144)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(560)</b>	<b>(1,041)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – Capital raising costs	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>(560)</b>	<b>(1,041)</b>
1.21 Cash at beginning of quarter/year to date	2,175	2,656
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>1,615</b>	<b>1,615</b>

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	164
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Payment of consultancy, salaries, wages, superannuation and leave entitlements for directors during the quarter ended 31 December 2010.	

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

NIL

## Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,615	2,175
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)		1,615	2,175

**Acquisitions and disposals of business entities**

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 31 January 2011  
 (Company Secretary)

Print name: Ian Gregory

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+ See chapter 19 for defined terms.

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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