



## **ASX Release - CAQ**

### **Appendix 4C Quarterly Report – April to June 2011**

**29 July 2011:** to follow is a brief overview of the Company's current key activities:

#### **Commercial Barramundi Harvests Paving the Way for Profits**

During the quarter CAQ advised that initial commercial harvests of Premium Barramundi took place and were consequently processed near the Company's newly established farming operations in Thailand - paving the way towards profitability for the Company.

Having located an outstanding aquaculture development site in Thailand and commencing production in October 2010, the Company is delighted with the progress which has been made from the first stage of the site's development.

The initial Premium Barramundi harvests and commencement of revenue, represent another significant milestone for the Company, again offering a complete 'proof of concept' of CAQ's entire vertically integrated 'Hatch to Dispatch' business model.

The processed fillets are then shipped to CAQ's wholly owned food processing operations in Western Australia – Cell Aqua Foods Pty Ltd, where they are value-added, packaged and sold into the 'IGA Supermarkets Network' and 'Farmer Jacks', under the Company's Eco-Star™ brand.

The Company realised cash inflows during the quarter of \$226,000. The commencement of Premium Barramundi harvests will result in a significant uplift in revenue for the Company in coming quarters, with the intention to progress towards profitability as production expands from the Thailand operations.

#### **Launch of New Eco-Star™ 'Chef-Inspired' Barramundi Meal Range**

In line with commercial harvests coming on-stream, CAQ has recently developed a unique value-added range of Gourmet, Chef-Inspired, Ready-to-Cook Eco-Star™ Barramundi meals. The meals are available in three delicious varieties: Garlic Butter Sauce, Smoked Chilli Butter and Lemon Cracked Pepper.

During the quarter, the Company undertook a 'soft launch' of the new Premium Eco-Star™ Barramundi meal range into over 50 supermarkets in Western Australia and has received outstanding feedback.

The Company also launched a new website during the quarter for the Eco-Star™ products: **ecostarfoods.com.au**

As supply strengthens, CAQ's produce is now starting to be featured in IGA's product catalogues. This is greatly assisting the awareness of the products in the marketplace and enhancing the development of the Eco-Star™ brand.

CAQ has established a strong relationship with the IGA Supermarket Group and given that a reliable and steady Premium Barramundi supply is now developing, the Company is progressing towards distribution of its Eco-Star™ product range throughout Western Australian - targeting approximately 250 outlets. The Company is planning a strong marketing push of the Eco-Star™ range shortly, as more stores come 'on-stream' and advertising expenditure can be maximised.

CAQ is now in discussions with IGA Distribution regarding progressively supplying the Eco-Star™ range nationally - ultimately targeting up to 1,300 outlets.

### **Further Expansion of Thailand Operations**

With Stage 1 of the Thailand operations now in production, CAQ is progressing the expansion of these operations with the development of a new specialist, purpose built 'Cell' production facility. Construction of the new 'Cell' facility is now well underway and due for completion later in the year. Current production operations and the development of the new facility have accounted for the bulk of cash outflows during the quarter.

Once completed, the new purpose built 'Cell' facility will be stocked with Premium Barramundi and when harvested, the expanded production capacity will further bolster the Company's revenues, enabling the development of additional national and international markets for the Eco-Star™ product range.

### **Analyst Coverage on CAQ**

During the quarter, New York based equity research firm RB Milestone Group, LLC initiated analyst coverage on CAQ, including a share price target.

The full 27 page research report can be viewed at CAQ's website: **[www.cellaqua.com](http://www.cellaqua.com)**

RB Milestone received fees for putting CAQ on their proprietary RB Milestone Portfolio Network and for investor relations services. The analyst report was written as an expense to RB Milestone and was not paid for by CAQ. RB Milestone only accepts a select number of companies into their coverage in a given year.

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

During the quarter, strong progress was made on the South Africa, Singapore and Malaysian projects.

Favourable indications have been received from various South African government departments regarding this project and advanced discussions are underway. A Shareholders Agreement is now under negotiation with the Company's South African partners and further updates will be provided on this project shortly.

The Company continues to progress its opportunities in Singapore and Malaysia. Promising sites have now been offered for both these projects and the Company is

undertaking advanced due diligence on both prospects. Further updates will be provided on these projects in due course.

Enquiries:

Mr Peter Burns  
Executive Director  
Ph: +61 411 463 399  
E-mail: [pburns@cellaqua.com](mailto:pburns@cellaqua.com)  
[www.cellaqua.com](http://www.cellaqua.com)

### **About 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")

30 June 2011

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers	132	533
1.2	Payments for		
	(a) staff costs	(53)	(377)
	(b) advertising and marketing	(9)	(53)
	(c) research and development	(27)	(209)
	(d) leased assets	-	-
	(e) other working capital	(683)	(2,228)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	64
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other – R&D tax refund	90	187
<b>Net operating cash flows</b>		<b>(547)</b>	<b>(2,084)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**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>(547)</b>	<b>(2,084)</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	(226)	(450)
(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>(226)</b>	<b>(450)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(773)</b>	<b>(2,534)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	100	154
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	456	702
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – Capital raising costs	-	-
<b>Net financing cash flows</b>	<b>556</b>	<b>856</b>
<b>Net increase (decrease) in cash held</b>	<b>(217)</b>	<b>(1,678)</b>
1.21 Cash at beginning of quarter/year to date	1,195	2,656
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>978</b>	<b>978</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	139
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 and director's fee to directors during the quarter ended 30 June 2011.	

## 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	4,812	849
3.2 Credit standby arrangements	-	-

CAQ can issue convertible notes to La Jolla Cove Investors, Inc., to obtain total funding of US\$6 million. As at 30 June 2011, US\$900,000 (approximately A\$ 849,000 based on exchange rate at the reporting date) has been drawn and AUD 150,000 has been converted into ordinary shares of CAQ. At the end of the quarter, US\$5.1 million (approximately A\$ 4,812,000 based on exchange rate at the reporting date) is available to be drawn.

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
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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	978	1,195
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)		978	1,195

**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: 29 July 2011  
 (Company Secretary)

Print name: Ian Gregory

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## 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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