

Appendix 4E

Preliminary Final Report

Name of entity

Cell Aquaculture Limited

ACN

091 687 740

Reporting Period

Year ended 30 June 2012

Previous Corresponding Period

Year ended 30 June 2011

Results for announcement to the market

				\$A'000
Revenues from continuing operations	Down	7%	to	499
Loss from continuing operations after tax	Up	17%	to	(2,358)
Loss for the year attributable to members	Up	13%	to	(2,346)
Dividends (distributions)	Amount per security		Franked amount per security	
Final and interim dividend	None		- ¢	
Record date for determining entitlements to the dividend	N/A			

**PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated	
		2012	2011
		\$	\$
Revenue from continuing operations	2	499,001	535,127
Foreign currency gain/(loss)		19,433	(1,970)
Raw materials and consumables used	2(b)	(447,385)	(390,647)
Legal expenses		(42,866)	(16,714)
Marketing expenses		(20,656)	(58,986)
Communication expenses		(17,209)	(7,561)
Consultancy expenses		(900,125)	(1,022,504)
Employee benefits expense		(303,146)	(218,334)
Insurance expenses		(33,896)	(21,179)
Occupancy costs		(127,212)	(65,817)
Professional costs		(210,682)	(738,870)
Travel costs		(51,663)	(53,968)
Depreciation and amortisation expense	2(b)	(31,276)	(21,202)
Finance costs	2(b)	(21,984)	(26,380)
R&D expenses		(95,000)	-
Other expenses		(77,290)	(175,212)
Gain on derivative financial instrument	5	545,236	-
Provision for impairment of receivable		(349,347)	-
Provision for impairment of buildings		(416,000)	-
Default Fee		(64,706)	-
Interest Expense	2(b)	(566,233)	-
Loss from continuing operations before Income Tax Benefit		(2,713,006)	(2,284,217)
Income tax benefit		104,477	90,166
Loss for the year		(2,608,529)	(2,194,051)
Other comprehensive income			
Exchange differences on foreign currency translation		12,130	(59,859)
Total comprehensive income for the year		(2,596,399)	(2,253,910)
Loss is attributable to:			
Owners of Cell Aquaculture Ltd		(2,358,722)	(2,014,417)
Non-controlling interests		(249,807)	(179,634)
		(2,608,529)	(2,194,051)
Total comprehensive income for the year is attributable to:			
Owners of Cell Aquaculture Ltd		(2,346,592)	(2,074,386)
Non-controlling interests		(249,807)	(179,524)
		(2,596,399)	(2,253,910)
Basic (loss) per share	8	Cents Per Share (1.10)	Cents Per Share (0.99)

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated	
		2012	2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	29,674	977,893
Trade and other receivables		123,971	157,575
Inventories		257,173	190,707
Biological assets		10,621	92,651
TOTAL CURRENT ASSETS		421,439	1,418,826
NON CURRENT ASSETS			
Receivables		-	500,149
Property, plant and equipment		323,411	462,645
TOTAL NON CURRENT ASSETS		323,411	962,794
TOTAL ASSETS		744,850	2,381,620
CURRENT LIABILITIES			
Trade and other payables		486,978	319,570
Borrowings	4	721,607	113,686
Derivative financial instrument	5	-	615,493
TOTAL CURRENT LIABILITIES		1,208,585	1,048,749
TOTAL LIABILITIES		1,208,585	1,048,749
NET ASSETS / (DEFICIENCY OF ASSETS)		(463,735)	1,332,871
EQUITY			
Contributed equity	6	19,138,441	18,344,635
Accumulated losses		(19,898,168)	(17,539,446)
Reserves		734,299	722,169
Capital and reserves attributable to owners of Cell Aquaculture Ltd		(25,428)	1,527,358
Non-controlling interests		(438,307)	(194,487)
TOTAL EQUITY		(463,735)	1,332,871

**PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

Consolidated	Contributed equity	Accumulated losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total	Non- controlling Interest	Total
Balance at 1.7.2010	18,194,635	(15,525,029)	820,715	(38,577)	3,451,744	(20,958)	3,430,786
Loss for the year	-	(2,014,417)	-	-	(2,014,417)	(179,634)	(2,194,051)
Exchange difference on translation of foreign operations	-	-	-	(59,969)	(59,969)	110	(59,859)
Total comprehensive income for the period	-	(2,014,417)	-	(59,969)	(2,074,386)	(179,524)	(2,253,910)
Transactions with owners in their capacity as owners:							
Issue of shares	150,000	-	-	-	150,000	-	150,000
Non-controlling interests	-	-	-	-	-	5,995	5,995
Share based payments	-	-	-	-	-	-	-
Balance at 30.06.2011	18,344,635	(17,539,446)	820,715	(98,546)	1,527,358	(194,487)	1,332,871

Consolidated	Contributed equity	Accumulated losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total	Non- controlling Interest	Total
Balance at 1.7.2011	18,344,635	(17,539,446)	820,715	(98,546)	1,527,358	(194,487)	1,332,871
Loss for the year	-	(2,358,722)	-	-	(2,358,722)	(249,807)	(2,608,529)
Exchange difference on translation of foreign operations	-	-	-	12,130	12,130	-	12,130
Total comprehensive income for the period	-	(2,358,722)	-	12,130	(2,346,592)	(249,807)	(2,596,399)
Transactions with owners in their capacity as owners:							
Issue of shares	793,806	-	-	-	793,806	-	793,806
Non-controlling interests	-	-	-	-	-	5,987	5,987
Share based payments	-	-	-	-	-	-	-
Balance at 30.06.2012	19,138,441	(19,898,168)	820,715	(86,416)	(25,428)	(438,307)	(463,735)

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
	Note	2012	2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		463,243	589,013
Interest received		2,154	64,205
Payments to suppliers and employees		(1,934,342)	(2,906,755)
Income tax refund		104,477	90,166
Net cash outflow from operating activities	7	(1,364,468)	(2,163,371)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for business acquisition – plant and equipment		-	(36,400)
Payment for business acquisition – inventories		-	(21,918)
Purchase of Property, Plant and Equipment		(308,042)	(323,122)
Net cash outflow from investing activities		(308,042)	(381,440)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		568,806	154,443
Proceeds from convertible note issues		143,355	711,766
Net cash inflow from financing activities		712,161	866,209
Net increase (decrease) in cash and cash equivalents		(960,349)	(1,678,602)
Cash and cash equivalents at the beginning of the financial year		977,893	2,656,495
Effects of exchange rate changes on cash and cash equivalents		12,130	-
Cash and cash equivalents at end of year	3	29,674	977,893

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

(a) Basis of Preparation

This preliminary final report for the year ended 30 June 2012 relates to the consolidated entity consisting of Cell Aquaculture Limited (the Company) and each of its controlled entities.

The preliminary final report has been prepared on a historical cost basis except for the revaluation of certain non-current assets and financial instruments or where otherwise stated.

Cost is based on the fair value of consideration given in exchange for assets.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report of the year ended 30 June 2011 and any public announcements made by Cell Aquaculture Limited during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual financial statements and the last half-year financial statements.

The amounts contained in this preliminary report are presented in Australian dollars, the functional and presentation currency of Cell Aquaculture Ltd.

The financial statements are currently being audited. The auditors have advised that the accounts are not subject to dispute.

(b) Statement of Compliance

The preliminary final report is a general-purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. The preliminary final report is also in compliance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

(c) Going Concern

As disclosed in this report, the Group recorded a loss of \$2,608,529 and net cash outflows from operating activities of \$1,364,468 for the year ended 30 June 2012. The Group at balance date had a net current asset deficiency of \$787,146 at 30 June 2012. These financial conditions indicate significant uncertainty whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe, after taking account of these financial conditions, that the going concern basis of accounting for the Group is appropriate, which has been determined after consideration of the following factors:

- a) Cell Aquaculture Malaysia Sdn Bhd (a 90% owned subsidiary of Cell Aquaculture Ltd) has since balance date commenced a construction contract with The Fisheries Development Authority of Malaysia "LKIM" to supply and construct a CAQ designed facility. Details of the LKIM contract were announced with ASX on 19th June 2012. This contract is expected to deliver positive cash flows over the 6 month contract period.
- b) The Company has significantly reduced its overheads and operating expenses.
- c) The Company is currently in discussions with key stakeholders on a regular basis to identify any short term capital requirements, and the Company is confident capital could be raised if required at short notice.
- d) Cell Aqua Foods Pty Ltd (a 100% owned subsidiary of Cell Aquaculture Ltd) is showing positive growth which will assist cashflow.

Accordingly, the Directors believe that the Company will obtain sufficient cash flows to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial statements.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 2: Revenue and Expenses

	Consolidated	
	2012	2011
	\$	\$
(a) Revenue from continuing operations		
- Sale of produce and goods	496,847	470,922
- Interest received	2,154	64,205
Total revenue	499,001	535,127
 (b) Expenses		
Cost of Sales	447,385	390,647
Depreciation of non-current assets		
Building	1,502	1,502
Plant and equipment	29,774	19,700
Total depreciation	31,276	21,202
Amortisation of non-current assets		
Development costs	-	-
Intellectual property / licence	-	-
	-	-
Finance costs		
Interest paid – Convertible notes	566,233	-
Interest paid – Other	21,984	26,380
Total Finance Costs	588,217	26,380

Note 3: Current assets – Cash and cash equivalents

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position, as follows:

	Consolidated	
	2012	2011
	\$	\$
Current Assets		
Cash at bank and in hand	29,674	977,893
Net Cash	29,674	977,893

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 4: Current liabilities – Borrowings

	Consolidated	
	2012	2011
	\$	\$
Convertible notes (Note 4 (a))	721,607	113,686
	721,607	113,686

(a) Convertible Notes

On 27 January 2011, a funding agreement was executed with U.S. based institutional investor, La Jolla Cove Investors, Inc. to provide US\$6 million financing to the Company by means of convertible notes.

The key terms of the funding facility remain the same as those disclosed in the June 2011 Financial Statements.

	Consolidated	
	2012	2011
	\$	\$
Carrying amount of liability at beginning of financial year	113,686	-
Drawdown during financial year*	24,196	113,686
Conversions during financial year	(35,583)	-
Default fee **	64,706	-
Interest expense ***	566,233	-
Foreign exchange gain	(11,631)	-
Carrying amount of liability at end of financial year	721,607	113,686

* The face value of the drawdown for the financial year was \$143,357.

** The default fee has become payable due to the Group breaching an event of default of the original funding agreement during the period.

*** The interest expense has accrued due to the funding agreement being in a default position. An accelerated effective interest rate has therefore been recognised reflecting the issue of the default notice dated 30 April 2012 as opposed to the original contractual maturity date of 25 January 2015.

Note 5: Convertible note derivative

	Consolidated	
	2012	2011
	\$	\$
Carrying amount of derivative	615,493	-
Conversions during the year	(148,528)	-
Foreign exchange translation	(40,890)	-
Drawdown during the year	119,161	-
Derivative on convertible note issued	-	615,493
Derecognition of derivative liability*	(545,236)	-
Carrying amount of derivative	-	615,493

* Due to the default position of the facility, the company received notice that the holder, La Jolla Cove Investors Inc have rescinded all rights under the convertible note entered into on 27 January 2011.

Consequently, the company has accelerated all amounts owing under this agreement. As a result, the company has recognised a gain during the year relating to the derecognition of the convertible note derivation of \$545,236.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 6: Contributed Equity

	Consolidated	
	2012	2011
	\$	\$
(a) Ordinary shares*	19,138,441	18,344,635
Total consolidated contributed equity	19,138,441	18,344,635

* Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in ordinary share capital

	Issue Price	No.	\$
Balance as at 1 July 2010		203,272,551	18,194,635
Shares issued in February 2011	\$0.092	543,479	50,000
Shares issued in April 2011	\$0.059	1,706,485	100,000
Closing balance as at 30 June 2011		205,522,515	18,344,635
Balance as at 1 July 2011		205,522,515	18,344,635
Shares issued in July to September 2011	\$0.04	5,631,779	225,000
Shares issued in April to May 2012	\$0.02	30,000,000	600,000
Share issue cost		-	(31,194)
Closing balance as at 30 June 2012		241,154,294	19,138,441

(c) Share Options

During the year ended 30 June 2012 and to the date of this report, there are no options on issue. All options lapsed during the year ended 30 June 2011.

Note 7: Reconciliation of loss after income tax to net cash flow from operating activities

	Consolidated	
	2012	2011
	\$	\$
Operating loss after income tax	(2,608,529)	(2,194,051)
Depreciation of non-current assets	31,276	21,202
Provision for impairment of buildings	416,000	-
Gain on derivative financial instruments	(545,236)	-
Interest on convertible notes	566,233	-
Provision for impairment of receivables	349,347	-
Default fee	64,706	-
Increase/(decrease) in foreign currency reserve	-	(59,859)
Other	(72)	40,883
Changes in net assets and liabilities:		
<i>(Increase)/decrease in assets</i>		
- Current receivables	33,604	25,440
- Stock on hand	15,565	(100,707)
- Non-current receivables	152,802	81,639
<i>Increase/(decrease) in liabilities</i>		
- Current trade creditors and payables	167,408	22,082
- Borrowings	(7,572)	-
Net cash used in operating activities	(1,364,468)	(2,163,371)

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 8: Loss per Share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in net loss per share.

The following reflects the income and share data used in the basic loss per share computations:

	Consolidated	
	2012	2011
	\$	\$
Loss attributable to ordinary equity holders	(2,358,722)	(2,014,417)
	Number	
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	214,426,785	203,836,540
	Cents/share	
Basic loss per share	(1.10)	(0.99)

Note 9: Segment information

(a) Description of segments

The Board of Directors consider the business from both a product and a geographic perspective and has identified four reportable segments. The Board firstly separate the Group's operations into Fish Farming and Food Processing divisions and then divide these two divisions into geographic segments. Fish Farming division consists of Australia, Malaysia and Thailand segments. Food Processing division has operations only in Australia.

The Australian Fish Farming segment incorporates the Company's hatchery and fabrication activities. The Malaysian Fish Farming segment incorporates corporate office, Terengganu based facility and any future Malaysian based projects. The Thailand Fish Farming segment is comprised of Phuket based facility and any future Thailand based projects. The Australian Food Processing segment consists of processing, value adding, branding and distribution of produce.

(b) Segment Information provided to the strategic steering committee

In AUD	Fish Farming			Food- processing	Total
2012	Australia	Malaysia	Thailand	Australia	
Total segment revenue	55	-	2,541	494,251	496,847
Inter-segment revenue	-	-	-	-	-
External Revenues	55	-	2,541	494,251	496,847
Adjusted EBITDA	(1,175,849)	(405,084)	(372,506)	(176,632)	(2,130,071)

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 9: Segment information (cont'd)

(b) **Segment Information provided to the strategic steering committee (cont'd)**

In AUD	Fish Farming			Food Processing	Total
2011	Australia	Malaysia	Thailand	Australia	
Total segment revenue	-	35,699	-	435,223	470,922
Inter-segment revenue	-	-	-	-	-
External Revenues	-	35,699	-	435,223	470,922
Adjusted EBITDA	(1,459,178)	(106,768)	(643,791)	(115,064)	(2,324,801)
Total segment assets					
30 June 2012	1,071,802	156,634	158,486	344,247	1,731,169
30 June 2011	2,967,369	821,979	596,536	306,785	4,692,669
Total segment liabilities					
30 June 2012	247,663	1,025,737	1,294,859	671,120	3,239,379
30 June 2011	111,271	1,262,267	951,756	440,398	2,765,692

(c) **Other segment information**

(i) *Segment revenue*

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the Statement of Comprehensive Income.

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated	
	2012	2011
	\$	\$
Total segment revenue	496,847	470,922
Intersegment eliminations	-	-
Interest revenue	2,154	64,205
Total revenue from continuing operations (note 2)	499,001	535,127

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 9: Segment information (cont'd)

(c) **Other segment information (cont'd)**

(ii) *Adjusted EBITDA*

A reconciliation of adjusted EBITDA to operating loss before income tax is provided as follows:

	Consolidated	
	2012	2011
	\$	\$
Adjusted EBITDA	(2,130,071)	(2,324,801)
Intersegment eliminations	-	-
Interest revenue	2,154	64,205
Finance costs	(30,126)	-
Depreciation	(31,276)	(21,202)
Share-based payments	-	-
Gains on derivative financial instruments	545,236	
Default Fee	(64,706)	
Interest expense	(588,217)	
Provision for impairment of buildings	(416,000)	
Other	-	(2,419)
Loss from continuing operations before tax	(2,713,006)	(2,284,217)

(iii) *Segment assets*

The amounts provided to the strategic steering committee with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	Consolidated	
	2012	2011
	\$	\$
Segment assets	1,731,168	4,692,669
Intersegment eliminations	(1,086,326)	(2,600,521)
Unallocated:		
Cash and cash equivalents	29,674	271,699
Corporate headquarters assets	32,543	12,773
Other assets	37,791	5,000
Total assets as per the statement of financial position	744,850	2,381,620

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 9: Segment information (cont'd)

(c) **Other segment information (cont'd)**

(iv) *Segment liabilities*

The amounts provided to the strategic steering committee with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Consolidated	
	2012	2011
	\$	\$
Segment liabilities	3,239,379	2,765,692
Intersegment eliminations	(2,897,049)	(2,446,122)
Unallocated:		
Other liabilities	231,918	-
Derivative financial instruments	634,337	729,179
Total liabilities as per the statement of financial position	1,208,585	1,048,749

Note 10: Events occurring after the reporting period

There are no matters or circumstances that have arisen since 30 June 2012 that have or may significantly affect the operations, results or state of affairs of the consolidated entity in future financial periods.

Note 11: Contingent liabilities

The Directors are not aware of any contingent liabilities as at the date of this report.

OTHER APPENDIX 4E INFORMATION

1. **NTA backing**

Net tangible asset backing per ordinary share

30 June 2012	30 June 2011
\$(0.19)	\$0.006

2. **Dividends**

There were no dividends declared during the year and the directors do not recommend that any dividend be paid.

3. **Dividend reinvestment plans**

N/A.

4. **Details of entities over which control has been gained or lost during the period**

Nil

5. **Details of associates and joint ventures**

The carrying value of interests in associated entities is nil.

6. **Audit**

This report is based on accounts, which are in the process of being audited.



Sign here:

(Director)

Date: 31 August 2012

Print name:

Perryman Leach