CELL AQUACULTURE LTD

ABN 86 091 687 740

Annual Financial Report
for the Year Ended 30 June 2013

C O N T E N T S

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Cell Aquaculture Limited and the entities it controlled at the end of, or during the financial year ended 30 June 2013.

Directors
The names of the Directors in office at any time during or since the end of the financial year are:

Perryman James Leach
Suresh Emmanuel Abishegam
Paul Damian Price (appointed 2 May 2013)
KC Dennis Ong (appointed 2 May 2013)
Soo Tuck Yoon (appointed 2 May 2013)
Noel Patterson (resigned 14 August 2012)

Mr Paul Price (appointed 2 May 2013)
Chairman from 2 May 2013

Paul has extensive experience in corporate and commercial matters and has advised national and international clients on capital raising and structuring issues including Corporations Act and ASX Listing Rule compliance and governance issues. Paul's clients span numerous industry sectors, including resources and energy, manufacturing, professional services, industrial and technology. Paul has served as a director of a number of ASX listed companies and is a co-founder of corporate advisory firm Trident Capital. Paul is a member of the Australian Institute of Company Directors, AMPLA (the Resources and Energy Law Association) and the Association of Mining and Exploration Companies. Paul has a Bachelor of Jurisprudence, a Bachelor of Laws and a Masters of Business Administration, all from the University of Western Australia.

Other directorships:

- Windimurra Vanadium Limited – Director – appointed 30 July 2012

Perryman J Leach M.I.E. Aust.
Non-independent, Executive Director

Perry Leach, the creator of the Eco-Cell ™ Recirculating Seafood Production System, is a Civil Engineer, project manager and builder. He has extensive experience in the intensive farming of poultry through the food chain to abattoirs, small goods processing, chiller and freezer works and pollution control. Mr Leach has an ongoing role in species development and the further advancement of Cell's unique technologies.

Mr Leach has not held directorships in any listed companies during the past three financial years.

Capt. Suresh E Abishegam
Independent, Non-Executive Director

Capt. Abishegam is a Malaysian based businessman with public company experience. He currently owns and operates companies in the Shipping and Information Technology industries. Capt. Abishegam has been associated with Cell for the past five years, making the introduction and providing the catalyst to complete the Joint Venture deal with the Malaysian Government. He is also a Director of the Malaysian subsidiary company, Cell-Aqua Malaysia Sdn Bhd and will play an instrumental role in driving the future expansion of this venture.

Capt. Abishegam has not held directorships in any listed companies during the past three financial years.

Mr KC Ong (appointed 2 May 2013)
Director from 2 May 2013

Mr KC Denis Ong is a Director of Trident Management Services. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree and is a Certified Practicing Accountant. KC has over 25 years of diverse experience in financial management and business advisory to corporations in Australia and South-East Asia.

Other directorships :

- Reclaim Industries Limited – Director – appointed 13 March 2012;
- My ATM Holdings Limited – Director – appointed 23 July 2012
- Windimurra Vanadium Limited - Director – appointed 30 July 2012

Mr Richard Soo (Soo Tuck Yoon) (appointed 2 May 2013)
Director from 2 May 2013

Soo, Tuck Yoon (Richard Soo) is of Malaysian nationality and has a Bachelor of Arts Degree from the National University of Malaysia. Mr Soo has 34 years working experience and his experience has been in the areas of Hospitality, Gaming, Trading and Mining Industry. Mr Soo is currently a Director of Leisurematics Sdn Bhd and also Director of Sinomines (Hong Kong) Limited.

Mr Soo has not held directorships in any listed companies during the past three financial years.

Dr Noel Patterson (resigned 14 August 2012)
Independent, Non-Executive Director 14 August 2012

For the past 35 years Dr Patterson was the Senior Partner, Clinical Director and Chief Executive Officer of Stirling Health Professionals, which is a multi-disciplinary clinic of 34 staff and amongst the largest practices in Australia. Through this and his other commercial business activities Dr Patterson brings valuable business skills and experience to the Group.

Mr Patterson has not held any directorship in any listed companies during the past three years.

Company Secretary

Ms Deborah Ho was appointed as Company Secretary on 2 May 2013. Deborah holds a Bachelor of Commerce from Curtin University and is a member of Chartered Secretaries Australia. Deborah has over 2 years' experience in public practice including auditing of listed and unlisted companies. Deborah also has experience in company secretarial matters and financial accounting, including preparation of financial statements.

Mr Ian Gregory resigned as Company Secretary on 2 May 2013.

Principal Activities

The principal activities of the Group during the financial year were: Food Processing and the Development, Commercialisation & Marketing Technology relating to aquaculture farming.

No significant change in the nature of these activities occurred during the year.

Dividends Paid or Recommended

No dividends were paid during the year and no recommendation is made as to dividends.

Operating and Financial Review

The consolidated operating result for the year ended 30 June 2013 is:

	Financial Year 2013 $	Financial Year 2012 $
Revenue from continuing operations	1,889,150	499,001
Net Loss for the year	(264,452)	(3,499,875)

Review of Operations and Significant Changes in Affairs

During the early stages of the year ended 30 June 2013 the Group continued efforts to grow and develop its operations to achieve profitable levels.

On 1 October 2012, the securities of the Company were suspended from official quotation on the Official list of the ASX at the request of the Company after it was clear it was unable to raise further capital at this time.

On 19 November 2012, by resolution of the directors of the Company pursuant to section 436A of the Corporations Act, Christopher Williamson and David Hurt were appointed as the administrators of the Company ("Administrators").

Pursuant to the resolution at a meeting of Creditors on 15 February 2013 held under section 439A of the Corporations Act, the Creditors resolved pursuant to section 439C of the Corporations Act that the Company enter into a Deed of Company Arrangement to approve a Recapitalisation Proposal. On or about 26 February 2013, the Company, the Administrators and Trident Capital executed the DOCA and the Administrators became the administrators of the DOCA ("the Deed Administrators"). The DOCA was wholly effectuated on the 2 May 2013. The Recapitalisation Proposal was completed and the Company reinstated to trading on the ASX on 20 September 2013.

As a result of the appointment of Administrators, the Group operations were suspended in October 2012 with the exception of continuation of the construction contract in Malaysia.

The Group will continue to review all potential business opportunities presented to identify those that are consistent with the future direction of the Group as set out in the Prospectus.

Recapitalisation Proposal

The purpose of the Recapitalisation Proposal was to:

(a) restructure the Company's issued capital and net asset base;

(b) provide working capital to finalise and complete the Recapitalisation and terminate the DOCA;

(c) allow the Company to continue its existing activities and pursue new projects by way of acquisition or investment; and

(d) facilitate the reinstatement of the Company's Shares on the ASX

Principal features of the Recapitalisation Proposal

The principal features of the Recapitalisation Proposal are as follows:

(a) **Capital Consolidation**: Consolidation of the existing issued capital of the Company on a 1 for 10 basis .

(b) **Reduction of capital**: Reduce the capital of the Company by applying an amount of up to $19,872,740 being a proportion of the accumulated losses of the Company, against the share capital of the Company which is considered permanently lost.

(c) **Issue of New Shares**: The Company will issue a total of 100,000,000 New Shares at 0.5 cents per share to raise $500,000.

(d) **Issue of New Shares under the Prospectus**: The Company will issue up to 250,000,000 New Shares under the Prospectus at a price of 1 cent per share to raise up to $2,500,000.

(e) **Appointment of New Directors**: Three new directors of the Company have been appointed to join the two continuing directors, and the company secretary has also been replaced.

(f) **Payment to the Deed Administrator**: Under the terms of the DOCA, a total of $600,000 is to be transferred to the deed administrators to be applied to the Creditors Trust.

(g) **Forgiveness of claims**: Under the terms of DOCA, all existing Claims against the Company will be released, extinguished and barred, with Creditor's Claims only able to be met from the Creditors Trust in accordance with the terms of the DOCA and the Creditor's Trust Deed.

On 18 June 2013 at a general meeting, shareholders voted in favour of the recapitalisation and approved:

(a) The consolidation of existing share capital on a 1 for 10 basis;
(b) The capital of the Company be reduced by applying a proportion of accumulated losses against share capital which is considered permanently lost.
(c) The issue of up to 100,000,000 new shares at a price of not less than $0.005 per share to raise not less than $500,000 to Trident or its nominees as the Proponent Issue.
(d) The issue of up to 250,000,000 new shares at a price of not less than $0.01 per share under a Prospectus.

Events Subsequent to Reporting Date

On 12 July 2013 the Company lodged a replacement prospectus with the ASIC to raise up to $2,500,000 through the issue of up to 250,000,000 fully paid ordinary shares at $0.01 per share. On 28 August 2013 the Company allotted 250,000,000 shares to applicants under the Public Offer who had submitted applications totalling $2,500,000. The Company also allotted 100,000,000 to the applicants under the Sophisticated Investor Offer who had submitted applications totalling $500,000. The Company was reinstated to quotation on the ASX on 20 September 2013.

Likely Developments and Expected Results of Operations

The Group will continue to review all potential business opportunities presented to identify those that are consistent with the future direction of the Group as set out in the Prospectus.

Environmental Regulations

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

The *Energy Efficiency Opportunities Act 2006* requires the group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the group intends to take as a result.

The *National Greenhouse and Energy Reporting Act 2007* requires the group to report its annual greenhouse gas emissions and energy use.

The Group has not yet fully reviewed the reporting requirements under the *Energy Efficiency Opportunities Act 2006* or the *National Greenhouse and Energy Reporting Act 2007*, but believes it has adequate systems in place to ensure compliance with these Acts having regard to the scale and nature of current operations.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2013, and the numbers of meetings attended by each Director were:

	Directors Meetings	
	A	B
PJ Leach	-	-
S E Abishegam	-	-
P D Price	-	-
K C Ong	-	-
Soo Tuck Yoon	-	-

Notes
A - Number of meetings attended.
B - Number of meetings held during the time the Director held office during the year.

The Board of Directors also approved four (4) circular resolutions during the year ended 30 June 2013 which were signed by all Directors of the Company.

Share Options

Shares under Option
Unissued ordinary shares of Cell Aquaculture Limited under option at the date of this report are NIL.

Directors' Share and Option Holdings
As at the date of this report the interests of the Directors in the shares and options of the Company were:

Director	**Ordinary Shares**	**Options over Ordinary Shares**
P J Leach	1,600,750	-
S E Abishegam	129,381	-
P D Price	6,775,000	-
K C Ong	2,975,000	-
Soo Tuck Yoon	2,000,000	-

Note that SE Abishegam owns 10% of the issued capital of Cell Aqua Malaysia Sdn Bhd, a subsidiary of Cell Aquaculture Ltd.

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.* The key management personnel of the Company during the financial year were Directors, and General Manager.

(A) Remuneration Governance and Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered and set to attract the most qualified and experienced candidates.

Remuneration levels are competitively set to attract the most qualified and experienced Directors and senior executive officers, in the context of prevailing market conditions.

The Company embodies the following principles in its remuneration framework:

- the Board seeks independent advice if required on remuneration policies and practices including recommendations on remuneration packages and other terms of employment for executives; and
- in determining remuneration, advice is sought from external consultants on current market practices for similar roles and the level of responsibility, performance and potential of the executive and performance of the Group.

Due to its size, the Group does not have a remuneration committee. The Board has not used remuneration consultants in determining the remuneration of Key Management Personnel. The Directors are responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Australian resident executives who receive a base salary also receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are valued using the Binomial methodology. The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $200,000). Fees for Non-Executive Directors are not linked to the performance of the economic entity.

Executives
Prior to the appointment of Administrators on 19 November 2012, the Company's principals for remuneration of executives was as set out below. Following the Company's recapitalisation and reinstatement to quotation on the ASX, the directors are reviewing these policies and will establish a remuneration structure consistent with the Company's size and scale of operations.

All executives, with the exception of the Executive Chairman and Directors, received a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviewed executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The Board had discretion in relation to approving incentives, bonuses and options. The policy was designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Service agreements were in place for the Executive Director which provided for a fixed base fee per annum. External remuneration information provides benchmark information to ensure the base pay is set to reflect the market for a comparable role. Base fees were reviewed annually to ensure the level was competitive with the market. There were no guaranteed base fee increases included in the Executive Director contract.

The Executive Chairman received a fixed fee for his services as a Director, and was remunerated on an hourly basis for services provided in excess of a base number of hours.

The Company did not offer any variable remuneration incentive plans or bonus schemes to the Executive Director or the Executive Chairman or any retirement benefits, as such there is no performance related links to the existing remuneration policies. The fixed remuneration plan was considered adequate for the Company whose focus at this stage is on development of the business. The adequacy and appropriateness of the current remuneration policy will be reviewed as appropriate.

The following table shows the gross revenue, results and the share price of the Group at the end of the respective financial years.

	30 June 2009	**30 June 2010**	**30 June 2011**	**30 June 2012**	**30 June 2013**
Revenue	385,003	538,717	535,127	499,001	1,889,150
Net profit loss	(1,992,927)	(1,022,654)	(2,194,051)	(3,499,875)	(264,452)
Share price	8.3 cents	14.5 cents	8 cents	2 cents	1 cent *

* The Company was suspended from trading on the ASX on 1 October 2012. The price stated is based on the Company's public offer under the Prospectus dated 12 July 2013.

Non-Executive Directors
Fees and payments to the Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board.

The current base remuneration for Non-Executive Directors was last reviewed in August 2009.

The Company's Non-Executive Director's remuneration consists of director's fees paid monthly.

(B) Details of remuneration

The Key Management Personnel of the Group are as follows:

(i) Directors

Paul Damian Price	Chairman (Non Executive) – appointed 2 May 2013)
Perryman James Leach	Director (Executive)
Suresh Abishegam	Director (Non Executive)
KC Dennis Ong	Director (Non Executive) – appointed 2 May 2013)
Soo Tuck Yoon	Director (Non Executive) – appointed 2 May 2013)
Noel Patterson	Director (Non Executive) – appointed 4 May 2012 - resigned 14 August 2012

Details of the remuneration of the Directors and Key Management Personnel of the Group are set out below:

Year ended 30 June 2013	**Short-Term**		**Post employment**		**Share-Based Payments**		**Total**	**Remuneration consisting of options %**
	Salary & Fees	*Consulting*	*Termination payments*	*Super-annuation*	*Options*	*Shares*		
Directors								
PD Price	-	-	-	-	-	-	-	-
PJ Leach	25,940	-	-	-	-	-	25,940	-
SE Abishegam	-	-	-	-	-	-	-	-
KC Ong	-	-	-	-	-	-	-	-
ST Yoon	-	-	-	-	-	-	-	-
N Patterson	-	-	-	-	-	-	-	-
	25,940	-	-	-	-	-	25,940	-

The fees shown above were not paid during the year and form part of an informal proof of debt lodged with the administrator. This amount is subject to the Deed of Company Arrangement as it relates to amounts invoiced prior to the appointment of administrators in November 2012. The Company is unable to determine how much, if any, of this amount Jarq Holdings Pty Ltd will receive on finalisation by the administrator.

Year ended 30 June 2012	**Short-Term**		**Post employment**		**Share-Based Payments**		**Total**	**Remuneration consisting of options %**
	Salary & Fees	*Consulting*	*Termination payments*	*Super-annuation*	*Options*	*Shares*		
Directors								
PJ Leach	40,000	-	-	-	-	-	40,000	-
PG Burns	173,555	-	-	-	-	-	173,555	-
SE Abishegam	43,793	-	-	-	-	-	43,793	-
P Bodycoat	26,667	-	-	-	-	-	26,667	-
N Patterson			12,000	-	-	-	12,000	-
Other Key Management Personnel								
CM Bolger	119,766	-	-	9,687	-	-	129,453	-
	403,781	-	12,000	9,687	-	-	425,468	-

(C) Service agreements

Remuneration and other terms of employment for the Executive Director and Executive Chairman are formalised in letter agreements. The agreements were terminated upon the Company being placed in administration on 19 November 2012. Below are details of the major provisions relating to remuneration for the prior year and up to the date of administration..

Perryman Leach, Executive Chairman

- Term of agreement – no specified term.
- Base fee of $40,000 per annum in relation to his Directorship, to be reviewed annually. In addition an hourly rate of $100 is payable in respect of his executive duties.
- Long service leave does not accrue.
- Statutory superannuation is not payable under the agreement.
- No post employment or termination benefits are payable.
- There is no notice period required for termination of the contract.

Suresh Abishegam, Non-Executive Director

- Term of agreement – no specified term.
- Base fee of $40,000 per annum in relation to his Directorship, to be reviewed annually. In addition an hourly rate of $100 is payable in respect of his executive duties.
- Long service leave does not accrue.
- Statutory superannuation is not payable under the agreement.
- No post employment or termination benefits are payable.
- There is no notice period required for termination of the contract

There are no service agreements in place in relation to the other directors.

(D) Share-based compensation

The Company has not issued any performance bonus options during the financial year ended 30 June 2013.

No shares have been issued to Directors as a result of the exercise of any options in the current financial year (2012: Nil).

All options affecting remuneration in the previous reporting period have expired.

(E) Use of remuneration consultants

The Company did not employ the services of remuneration consultants during the financial year.

(F) Voting and comments made at the Company's 2012 Annual General Meeting

Owing to the Company being in administration the Company has not yet held an Annual General Meeting for the consideration of the 2012 remuneration report. The approval of the 2011 remuneration report was passed at the annual general meeting dated 30 November 2011. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the Audited Remuneration Report.

Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract of insurance insuring the Directors and officers of the Company against certain liabilities specified in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor or a related practice of the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are also satisfied that the provision of non-audit services by the auditor if any, as set out in note 20 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for Professional Accountants.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this Annual Financial Report.

Details of amounts paid or payable to the auditor, BDO Audit (WA) Pty Ltd, for audit and non-audit services provided during the year are set out in note 20 to the financial statements. No fees were paid or payable to the auditor for non-audit services.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

P. D. Price

Chairman

Dated at Perth this 30th day of September, 2013.

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CELL AQUACULTURE LIMITED

As lead auditor of Cell Aquaculture Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cell Aquaculture Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2013

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INDEPENDENT AUDITOR'S REPORT

To the members of Cell Aquaculture Limited

Report on the Financial Report

We have audited the accompanying financial report of Cell Aquaculture Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cell Aquaculture Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Cell Aquaculture Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cell Aquaculture Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, 30 September 2013

Cell Aquaculture Ltd
ABN 86 091 687 740

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2013

The Directors of the Company declare that:

1. The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statements of Changes in Equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated entity.

2. In the Directors' opinion, there are reasonable grounds to believe Cell Aquaculture Ltd will be able to pay its debts as and when they become due and payable.

3. Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

4. The Directors have been given the declarations as required by Section 295A of the Corporations Act for the financial year ending 30 June 2013.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Chairman

Dated at Perth this 30th day of September, 2013.

Cell Aquaculture Ltd
ABN 86 091 687 740

CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		$	$
Revenue from continuing operations	**5(a)**	1,889,150	499,001
Foreign currency gain/(loss)		17,073	19,433
Gain on derivative financial instrument	**16**	-	545,236
Raw materials and consumables used		(1,642,578)	(447,385)
Legal expenses		(93,811)	(52,866)
Marketing expenses		(40,875)	(20,656)
Communication expenses		(10,294)	(17,209)
Consultancy expenses		(403,298)	(974,591)
Employee benefits expense		(15,134)	(333,146)
Insurance expenses		-	(33,896)
Occupancy costs		(37,079)	(127,212)
Professional costs		(167,847)	(272,385)
Travel costs		(13,629)	(51,663)
Depreciation and amortisation expense	**5(b)**	-	(31,276)
Finance costs	**5(b)**	(50,061)	(21,984)
Interest Expense		-	(566,233)
R&D expenses		-	(95,000)
Other expenses		(180,435)	(170,014)
Administration expenses		(114,614)	-
Provision for impairment of receivable	**8**	40,565	(380,595)
Provision for impairment of buildings	**13**	-	(416,000)
Provision for impairment of property, plant & equipment	**13**	-	(323,411)
Provision for impairment of inventories	**9**	(527,311)	(257,173)
Provision for impairment of biological assets	**10**	-	(10,621)
Default Fee		-	(64,706)
Gain on Deed of Company Arrangement		1,085,726	-
Loss from continuing operations before Income Tax Benefit		**(264,452)**	**(3,604,352)**
Income tax benefit	**6**	-	104,477
Loss after income tax for the year		**(264,452)**	**(3,499,875)**
Other comprehensive gain/loss			
Items that may be reclassified to the profit or loss			
Exchange differences on foreign currency translation		36,103	12,130
Total comprehensive loss for the year		**(228,349)**	**(3,487,745)**
Loss is attributable to:			
Owners of Cell Aquaculture Ltd		(238,918)	(3,250,068)
Non-controlling interests		(25,534)	(249,807)
		(264,452)	**(3,499,875)**
Total comprehensive loss for the year is attributable to:			
Owners of Cell Aquaculture Ltd		(202,815)	(3,237,938)
Non-controlling interests		(25,534)	(249,807)
		(228,349)	**(3,487,745)**
Loss per share attributable to the members of Cell Aquaculture Limited			
		Cents Per Share	**Cents Per Share**
Basic loss per share	**27**	**(0.99)**	**(15.16)**

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Cell Aquaculture Ltd
ABN 86 091 687 740

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013	2012
		$	$
CURRENT ASSETS			
Cash and cash equivalents	**7**	394,443	29,674
Trade and other receivables	**8**	239,010	-
Inventories	**9**	-	-
Biological assets	**10**	-	-
TOTAL CURRENT ASSETS		**633,453**	**2**
NON CURRENT ASSETS			
Receivables	**11**	-	-
Property, plant and equipment	**13**	-	-
TOTAL NON CURRENT ASSETS		**-**	**-**
TOTAL ASSETS		**633,453**	**29,674**
CURRENT LIABILITIES			
Trade and other payables	**14**	2,210,709	663,148
Borrowings	**15**	-	721,607
Derivative financial instrument	**16**	-	-
TOTAL CURRENT LIABILITIES		**2,210,709**	**1,384,755**
TOTAL LIABILITIES		**2,210,709**	**1,384,755**
NET ASSETS / (DEFICIENCY OF ASSETS)		**(1,577,256)**	**(1,355,081)**
EQUITY			
Contributed equity	**17**	86,416	19,138,441
Accumulated losses	**18(b)**	(1,155,692)	(20,789,514)
Reserves	**18(a)**	(50,313)	734,299
Capital and reserves attributable to owners of Cell Aquaculture Ltd		(1,119,589)	(916,774)
Non-controlling interests		(457,667)	(438,307)
TOTAL EQUITY		**(1,577,256)**	**(1,355,081)**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Cell Aquaculture Ltd
ABN 86 091 687 740

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity	Accumulated losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total	Non-controlling Interest	Total
Balance at 1.7.2012	**19,138,441**	**(20,789,514)**	**820,715**	**(86,416)**	**(916,774)**	**(438,307)**	**(1,355,081)**
Loss for the year	-	(238,918)	-	-	(238,918)	(25,534)	(264,452)
Exchange difference on translation of foreign operations	-	-	-	36,103	36,103	-	36,103
Total comprehensive income/ loss for the period	**-**	**(238,918)**	**-**	**36,103**	**(202,815)**	**(25,534)**	**(228,349)**
Transactions with owners in their capacity as owners:							
Reduction of capital	(19,052,025)	19,872,740	(820,715)	-	-	-	-
Non-controlling interests	-	-	-	-	-	6,174	6,174
Balance at 30.06.2013	**86,416**	**(1,155,692)**	**-**	**(50,313)**	**(1,119,589)**	**(457,667)**	**(1,577,256)**

	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	-	(3,250,068)	-	-	(3,250,068)	(249,807)	(3,499,875)
Exchange difference on translation of foreign operations	-	-	-	12,130	12,130	-	12,130
Total comprehensive income/ loss for the period	**-**	**(3,250,068)**	**-**	**12,130**	**(3,237,938)**	**(249,807)**	**(3,487,745)**
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**	**(20,789,514)**	**820,715**	**(86,416)**	**(916,774)**	**(438,307)**	**(1,355,081)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cell Aquaculture Ltd
ABN 86 091 687 740

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,888,368	339,272
Interest received		782	2,154
Payments to suppliers and employees		(1,721,178)	(1,810,371)
Income tax refund		-	104,477
Finance costs		(61)	-
Net cash outflow from operating activities	**25**	**167,911**	**(1,364,468)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for business acquisition – plant and equipment		-	-
Payment for business acquisition – inventories		-	-
Purchase of Property, Plant and Equipment		-	(308,042)
Net cash outflow from investing activities		**-**	**(308,042)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues (net of share issue costs)		180,000	568,806
Proceeds from convertible note issues		-	143,355
Net cash inflow from financing activities		**180,000**	**712,161**
Net increase (decrease) in cash and cash equivalents		**347,911**	**(960,349)**
Cash and cash equivalents at the beginning of the financial year		29,674	977,893
Cash disposed of under DOCA		(215)	-
Effects of exchange rate changes on cash and cash equivalents		17,073	12,130
Cash and cash equivalents at end of year	**7(a)**	**394,443**	**29,674**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Cell Aquaculture Limited and its controlled entities.

(a) Basis of preparation

This annual financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations used by the Australian Accounting Standards Board. Cell Aquaculture Limited is a for profit entity for the purposes of preparing financial statements.

Compliance with IFRS
The annual financial report of the Group also complies with International Financial Reporting Standards (IFRS).

Historical cost convention
The annual financial report has also been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

New Standards and interpretations for current year
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* enabled the removal of certain disclosures in relation to commitments and the franking of dividends.

(b) Principles of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being Cell Aquaculture Limited ("Company" or "Parent Entity") and its subsidiaries as defined in AASB 127: *Consolidated and Separate Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of the subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Investments in subsidiaries are accounted for at cost in the annual financial report of Cell Aquaculture Limited.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively. Total comprehensive income is attributable to the owners of Cell Aquaculture Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Changes in ownership interest

The Group treats transactions with non-controlling interests that does not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Cell Aquaculture Limited.

Associates
The Company's investments in associates are accounted for using the equity method of accounting in the financial statements. The associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the Statement of Financial Position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment loss with respect to the Company's net investment in the associate. The Statement of Profit or Loss and Other Comprehensive Income reflects the Company's share of the results of operations of the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Where there has been a change recognised directly in the associate's equity, the Company recognises its share of any changes and discloses this in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Although the reporting date of the associates is 31 December 2012 results have been calculated to 30 June 2013 based upon the latest available management information. The associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Cell Aquaculture Ltd.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency
The financial statements are presented in Australian dollars, which is Cell Aquaculture Ltd's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(f) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

Where a grant is received in relation to the tax benefit of research and development costs, the grant shall be credited to income tax expense in the Statement of Profit or Loss and Other Comprehensive Income in the year of receipt.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Cell Aquaculture Limited and its Australian controlled entity have implemented the tax consolidation legislation.

(h) Goods and Services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.
Operating lease payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an integral part of the total lease expense.

(j) Cash and cash equivalents

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and

the estimated costs necessary to make the sale.

(m) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets, investment property and non-current biological assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(n) Investments and other financial assets

(i) 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.

(ii) 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.

(iii) Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(iv) Fair value
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.

(v) Impairment of financial assets
At each reporting date, the Company 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 Statement of Profit or Loss and Other Comprehensive Income.

(o) Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent or Directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal.

The gain or loss on disposal of all fixed assets, including revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the Statement of Profit or Loss and Other Comprehensive Income. Any realised revaluation increment relating to the disposed asset which is included in the revaluation reserve is transferred to retained earnings.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge.

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

Class of Fixed Asset	Depreciation Rate
Buildings on leasehold land	25%
Plant and equipment	5 – 40%

(p) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(s) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(i) Convertible note liability and derivative
Convertible notes issued by the Company comprise a convertible note that can be converted to ordinary shares at the option of the holder and a convertible note derivative whose fair value changes with the Company's underlying share price.

The liability component of a convertible note is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is firstly recognised at fair value and the liability component is calculated as the difference between the financial instruments as a whole and the value of the derivative at inception. Any directly attributable transaction costs are allocated to the convertible note liability and convertible note derivative in proportion to their initial carrying amounts. The fair value of the derivative portion has been valued using a valuation technique including inputs that include reference to similar instruments and option pricing models. Subsequent to initial recognition, the liability component of the convertible note is measured at amortised cost using the effective interest method. The convertible note derivative is measured at fair value through profit or loss.

The convertible note liability and derivative are removed from the Consolidated Statement of Financial Position when the obligations specified in the contract are discharged. This can occur upon the option holder exercising their option or the option period lapses requiring the Company to discharge the obligation. Both the convertible note liability and derivative are classified as current liabilities as the option holder has the right to convert at any time.

(t) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(u) Employee benefits

(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments
The Company provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired; and (ii) the number of options that, in the opinion of the Directors of the

Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted the cancelled and new award are treated as if they were a modification of the original award.

(v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Going Concern

As disclosed in this report, the Group recorded a loss of $264,452 and net cash inflow from operating activities of $167,911 for the year ended 30 June 2013. The Group had a net asset deficiency of $1,577,256 at 30 June 2013.

Subsequent to the reporting date the Company completed the capital raisings, totalling $3,000,000 as set out in Note 24 Events occurring after the reporting date and was reinstated to trading on the ASX on 20 September 2013. Following the successful completion of the recapitalisation the Directors believe there are sufficient funds to meet the Group's working capital requirements and as set out in this report the Group believes it can meet all liabilities as and when they fall due.

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:
- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013*).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013* but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair valued gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The group has not yet decided when to adopt AASB 9.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013).

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principal that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.
AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The group's investment in the joint venture partnership will be classified as a joint venture under the new rules. As the group already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is still assessing the impact of these amendments.

The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013).
AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* and AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (*effective 1 January 2013).
In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the

recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. The Group does not have any defined benefit plans and so is not impacted by the amendment. The Group has not yet decided when to adopt the new standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2: Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. Further policies will evolve that are commensurate with the evolution and growth of the Company.

The carrying values of the Group's financial instruments are as follows:

	2013	2012
Financial assets		
Cash and cash equivalents	394,443	29,674
Trade and other receivables	239,010	-
	633,453	29,674
Financial liabilities		
Trade and other payables	2,210,709	663,148
Borrowings	-	721,607
Derivative financial instrument	-	-
	2,210,709	1,384,755

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising for the Group are foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) *Foreign exchange risk*

Although the Group operates internationally, all material financial assets are denominated in the respective entity's functional currency at the end of the current reporting period. Therefore its exposure to foreign exchange risk arising from currency exposures was limited to the transfer of funding from the Australian head office to some of its overseas operations.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	30 June 2013	30 June 2012
	USD	USD
Cash and cash equivalents	-	1,145
Borrowings – convertible note liability	-	(721,607)
Derivative financial instrument – convertible note derivative	-	-
Net exposure to foreign currency risk	-	(720,462)

Sensitivity
Based on the financial instruments held at 30 June 2013, had the Australian dollar weakened/strengthened by 10% against the US dollar while all other variables remain constant, the Group's net loss for the year would have been $Nil (2012: 72,046) higher/lower, as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments as detailed in the above table.

(ii) *Cash flow and interest rate risk*
The Group is exposed to interest rate risk due to variable interest being earned on its interest-bearing bank accounts and the value of the convertible note derivative being dependent on both the risk free interest rate and the underlying Company share price.

As at the end of the reporting period, the Group had the following interest-bearing financial instruments:

	30 June 2013		30 June 2012	
	Weighted average interest rate	Balance $	Weighted average interest rate	Balance $
Cash and cash equivalents	1.33%	394,443	3.50%	26,674
Convertible note derivative	-	-	4.75%	-
Net exposure to interest rate risk		394,443		26,674

Sensitivity
A sensitivity analysis has not been disclosed as it is deemed to have an immaterial impact on the financial statements.

(b) Credit risk

Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions.

For the Group, the majority of receivables are from associated companies.

There are no formal credit approval processes and risk management in place. However, the Company reviews management information for subsidiaries or associates to ensure early detection of risks.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 2. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:

	2013 $	2012 $
Financial assets - counterparties without external credit rating		
Existing customers with defaults in past that have been fully recovered	-	-
New customers (less than 6 months)	-	-
Other receivables – no defaults in the past	-	-
	-	-
Cash and cash equivalents		
AA S&P rating	394,443	29,674

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Group's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates. The Group is not materially exposed to changes in market interest rates.

The Directors monitor the cash-burn rate of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business, borrowings. Trade payables were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

The following table sets out the carrying amount of the financial instruments by maturity:

Year ended 30 June 2013	<1 year $	1 - 5 Years $	Over 5 Years $	Total contractual cash flows $
Financial Liabilities:				
Trade payables and advance deposits	2,210,709	-	-	2,210,709
Convertible note liability	-	-	-	-
	2,210,709	-	-	2,210,709

Year ended 30 June 2012	<1 year $	1 - 5 Years $	Over 5 Years $	Total contractual cash flows $
Financial Liabilities:				
Trade payables and Advance deposits	663,148	-	-	663,148
Convertible note liability	721,607	-	-	721,607
	1,384,755	-	-	1,384,755

(d) Fair value measurements

(i) Cash and cash equivalents
The carrying amount is fair value due to the liquid nature of these assets.

(ii) Other receivables
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

(iii) Convertible note liability
The convertible note liability is recorded at its fair value, and subsequently measured at amortised cost using the effective interest rate method.

(iv) Convertible note derivative
The convertible note derivative is recorded at its fair value.

(e) Capital risk

The Group determines capital to be the equity as shown in the Statement of Financial Position plus net debt (being total borrowings less cash and cash equivalents).

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group currently has no borrowings. During 2012, the Group's strategy was to keep borrowings to a minimum. The issue of convertible notes allowed the Group to raise the funds, which were required to undertake its development activities and meet its corporate and other costs, while maintaining borrowings at a minimum level.

The Company was placed into administration on 19 November 2012 and a Deed of Company Arrangement was entered into. Under the terms of DOCA, all existing Claims against the Company including those by the convertible note holders were released, extinguished and barred, with Creditor's Claims only able to be met from the Creditors Trust in accordance with the terms of the DOCA and the Creditor's Trust Deed

Note 3: Critical accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial statements. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(a) Convertible note derivatives

The fair value of the convertible note derivative has been determined by firstly computing the fair value per convertible option feature multiplied by the number of outstanding options. The fair value of option is computed using a Black Scholes option pricing model that takes account of the exercise price, the term of the option, the Company's share price at reporting period, the expected volatility of the underlying share price and the risk-free interest rate (based on government bonds). The expected volatility is based upon historic volatility (based on the remaining life of the options) adjusted for abnormal spikes in the Company's share price.

(b) Impairment of receivables, inventories and property plant and equipment

The recoverable amounts of the above stated assets have been based upon the Company's best estimate based on value in use calculations. These calculations require the use of assumptions. Changes in these assumptions have the potential to impact the recoverable amounts recorded.

Note 4: 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 which were suspended upon the Company being placed in administration. The Directors are reviewing this business segment following the recapitalisation and reinstatement to trading on the ASX. 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**
2013	**Australia**	**Malaysia**	**Thailand**	**Australia**	
Total segment revenue	(144)	1,870,611	-	148,692	2,019,159
Inter-segment revenue	-	(113,706)	-	-	(113,706)
External Revenues	**(144)**	**1,756,905**	**-**	**148,692**	**1,905,453**
Adjusted EBITDA	**(946,723)**	**271,970**	**-**	**(147,803)**	**(800,557)**

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)**
Total segment assets					
30 June 2013	2,976,563	192,525	36,215	-	3,205,304
30 June 2012	1,071,801	156,634	158,486	344,247	1,731,168
Total segment liabilities					
30 June 2013	-	1,777,724	1,300,536	714,179	3,792,439
30 June 2012	160,393	1,025,737	1,294,859	671,120	3,152,109

(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 Profit or Loss and Other Comprehensive Income.

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

	2013 $	2012 $
Total segment revenue	2,019,159	496,847
Intersegment eliminations	(113,706)	-
Foreign exchange movements	(17,073)	
Interest revenue	770	2,154
Total revenue from continuing operations (note 5(a))	**1,899,150**	**499,001**

(ii) Adjusted EBITDA

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

	2013 $	2012 $
Adjusted EBITDA	**(800,557)**	**(2,306,240)**
Intersegment eliminations	(113,706)	-
Interest revenue	770	2,154
Finance costs	50,061	(30,127)
Depreciation	-	(31,276)
Gains on derivative financial instruments	-	545,236
Default Fee	-	(64,706)
Interest expense	-	(588,217)
Provision for impairment of buildings	-	(416,000)
Provision for impairment of receivables	40,565	(123,971)
Provision for impairment of inventories	(527,311)	(257,173)
Provision for impairment of biological assets	-	(10,621)
Provision for impairment of property, plant & equipment	-	(323,411)
Gain on Deed of Company Arrangement	1,085,726	-
Loss from continuing operations before tax	**(264,452)**	**(3,604,352)**

(iii) Segment assets

The amounts reviewed by the Board 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:

	2013 $	2012 $
Segment assets	**3,205,304**	**1,731,168**
Intersegment eliminations	(2,966,294)	(1,086,326)
Unallocated:		
Cash and cash equivalents	394,443	29,674
Corporate headquarters assets	-	32,543
Other assets	-	37,791
Provision for impairment of assets	-	(715,176)
Total assets as per the statement of financial position	**633,453**	**29,674**

(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:

	2013 $	2012 $
Segment liabilities	**3,792,439**	**3,152,109**
Intersegment eliminations	(2,836,884)	(2,897,049)
Unallocated:		
Trade and other liabilities	1,255,154	408,088
Derivative financial instruments / convertible note	-	721,607
Total liabilities as per the statement of financial position	**2,210,709**	**1,384,755**

Note 5: Revenue and Expenses

	2013 $	2012 $
(a) Revenue from continuing operations		
- Sale of produce and goods	147,860	496,847
- Construction progress payments	1,740,508	-
- Interest received	782	2,154
Total revenue	1,889,150	499,001
(b) Expenses		
Cost of Sales	1,642,578	447,385
Depreciation of non-current assets		
Building	-	1,502
Plant and equipment	-	29,774
Total depreciation	-	31,276
Finance costs		
Interest paid – Convertible notes	-	566,233
Interest paid – Other	50,061	21,984
Total Finance Costs	50,061	588,217

Note 6: Income Tax

(a) Income tax benefit

Current tax benefit	**2013**	**2012**
Previous year tax benefit not previously brought to account (Refer Note 6(e))	-	104,477
	-	104,477

(b) The prima facie income tax expense on the pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

	2013	**2012**
	$	**$**
Loss from continuing operations before Income Tax	(264,452)	(3,604,352)
Income tax benefit at 30%	(79,336)	(1,081,305)
Permanent Differences:		
Non-deductible expenses – Other	(297,513)	16,635
Foreign losses/(gains) not deductible/assessable	-	363,736
Provisions for impairment - buildings	-	126,105
Provisions for impairment – receivables	(12,169)	141,995
Provisions for impairment – property, plant & equipment	-	97,023
Provision for impairment – WIP	158,193	-
Provisions for impairment – biological assets	-	3,186
Provisions for impairment – inventories	-	77,152
	(230,825)	(255,473)
Movements in unrecognised temporary differences	(10,709)	59,645
Tax effect of current year tax losses for which no deferred tax asset has been recognised	241,534	195,828
R & D Cash Rebate Claimed (see note 6(e))	-	(104,477)
Income tax benefit	-	(104,477)

(c) The franking account balance at year end was $nil (2012: $nil).

(d) Unrecognised temporary differences

	2013	**2012**
	$	**$**
Deferred Tax Assets (at 30%)		
On income tax account		
Carry forward tax losses	2,218,394	2,302,578
Capital losses	937,331	937,331
Other	56,839	67,548
Net deferred tax assets	3,212,564	3,307,457

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.No reliable estimate of the amount of tax losses which could be recognised as a deferred tax asset in the current year is available as it is not possible to accurately quantify the Company's future profitability at its current stage. At present no assessment has been made as to whether the losses wold pass the continuity of ownership test or the same business test as a result of the settlement under the DOCA and the tax losses may not meet the probable recognition criteria. There is no expiry date to the tax losses.

(e) During the year ended 30 June 2012, the Company applied for and received a rebate from the Australian Taxation Office of $104,477 representing the tax value of research and development costs for the year ended 30 June 2011. This amount is shown as an income tax benefit in the Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2012.

Note 7: 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:

	2013 $	2012 $
Current Assets		
Cash at bank and in hand	394,443	29,674
Net Cash	394,443	29,674

(b) Interest Rate Risk Exposure

The Group's exposure to interest rate risk is discussed in note 2.

Note 8: Current assets: Trade and other receivables

Current		
Trade receivables	31,467	83,054
Other receivables	262,516	40,917
Provision for impairment of receivables	(54,973)	(123,971)
	239,010	-

(a) Foreign exchange risk
Information about the Group's exposure to foreign currency risk in relation to trade and other receivables is provided in Note 2.

(b) Fair value and credit risk
Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

(c) As detailed in the Directors Report, Administrators were appointed to the Company in November 2012, and as a result, operations of the Group were suspended . Due the uncertainty of its future operations, the Directors have prudently impaired the carrying value of its receivables as at 30 June 2013.

Note 9: Current Assets - Inventories

Raw materials – at cost	-	48,906
Finished goods	-	103,143
Work in progress*	632,435	105,124
Provision for impairment - inventories	(632,435)	(257,173)
	-	-

*Work in progress represents materials acquired for a construction contract which is being undertaken by Cell Aquaculture Malaysia Sdn Bhd (a 90% owned subsidiary of Cell Aquaculture Ltd).

As detailed in the Directors Report, Administrators were appointed to the Company in November 2012, and as a result, operations of the Group were suspended. Due the uncertainty of its future operations, the Directors have prudently impaired the carrying value of its inventories as at 30 June 2013.

Note 10: Current assets – Biological assets

	2013 $	2012 $
Fish	10,621	10,621
Provision for impairment - biological assets	(10,621)	(10,621)
	-	-

As detailed in the Directors Report, Administrators were appointed to the Company in November 2012, and as a result, operations of the Group were suspended. Due the uncertainty of its future operations, the Directors have prudently impaired the carrying value of its biological assets as at 30 June 2013.

Note 11: Non-current assets – Receivables

Receivables – TRG Cell Sdn Bhd*	384,854	343,179
Less provision for impairment	(384,854)	(343,179)
	-	-

* Receivables from TRG Cell Sdn Bhd (an associate). On 29 September 2011, Cell Aqua Malaysia Sdn Bhd received the first payment of RM 500,000 ($154,778) from TRG Cell Sdn Bhd. Given delays in receipt of the balance of these monies, the Directors have provided for its impairment. The increase in the balance of the receivable is a result of changes to the exchange rate. The Company continues to pursue the recovery of this debt.

Note 12: Non-current assets – Investments accounted for using the equity method

	2013 $	2012 $
Interests in associated entities	-	-

(a) Interests are held in the following associated entities:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying amount of Investment	
				2013	2012	2013 $	2012 $
TRG Cell Sdn Bhd	Aquaculture	Malaysia	Ordinary	30%	30%	-	-
						-	-

* Shares in TRG Cell Sdn Bhd are owned by Cell Aqua Malaysia Sdn Bhd, a subsidiary of Cell Aquaculture Limited.

(b) Share of unrecognised losses

The share of unrecognised losses of the associate as at reporting date is as follows:

	2013 $	2012 $
Groups share of losses to reporting date	-	75,750
Less: amounts recognised	-	-
Balance of unrecognised loss	-	75,750

Note 13: Non-current assets - Property, plant and equipment

	Buildings $	Plant and equipment $	**Total** $
Year ended 30 June 2013			
Opening net book value	-	-	-
Additions	-	-	-
Depreciation charge for the year	-	-	-
Closing net book value	-	-	-
At 30 June 2013			
Cost or fair value	443,869	264,336	708,205
Accumulated depreciation and impairment	(443,869)	(264,336)	(708,205)
Net book value	-	-	-
Year ended 30 June 2012			
Opening net book value	282,482	180,163	462,645
Additions	188,832	119,210	308,042
Depreciation charge for the year	(1,502)	(29,774)	(31,276)
Impairment charge for the year [2]	(469,812)	(269,599)	(739,411)
Closing net book value	-	-	-
At 30 June 2012			
Cost or fair value [1]	443,869	331,169	775,038
Accumulated depreciation and impairment	(443,869)	(331,169)	(775,038)
Net book value	-	-	-

1 The cost of plant and equipment at 30 June 2013 has decreased owing to the plant and equipment of Cell Aquaculture Limited being disposed of during the year by the administrator.

2 As detailed in the Directors Report, Administrators were appointed to the Company in November 2012, and as a result, operations of the Group were suspended . Due the uncertainty of its future operations, the Directors have prudently impaired the carrying value of its property, plant and equipment as at 30 June 2012. The carrying value of buildings based in Thailand have been impaired to the extent of $416,000 pending a decision on the future of this project.

Note 14: Current liabilities - Trade and other payables

	2013 **$**	**2012** **$**
Trade payables (i)	1,245,457	414,601
Advance deposits	180,000	50,000
Accrued expenses	139,663	198,547
Other payables (ii)	570,000	-
Provisions	75,589	-
	2,210,709	663,148

(i) Trade payables are non-interest bearing and are normally settled on 60-90 day terms. Their carrying value approximates their fair value.
(ii) Other payables consists of the amount owing to the Deed Administrators under the effectuated deed of company arrangement.

Note 15: Current liabilities - Borrowings

	2013 $	2012 $
Convertible notes (Note 15 (a))	-	721,607
	-	721,607

(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. In January 2012, La Jolla Cove issued a conversion notice and in June 2012 issued a default notice to Cell Aquaculture Ltd in relation to this facility. 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 derivative of $545,236 and accelerated interest of $566,233 in the Statement of Profit or Loss and Other Comprehensive Income.

	2013 $	2012 $
Carrying amount of liability at beginning of financial year	721,607	113,686
Amount extinguished by Deed of Company Arrangement	(721,607)	-
Drawdown during financial year*	-	24,196
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

* 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 16: Derivative Financial Instrument

	2013 $	2012 $
Convertible note derivative	-	-

Pursuant to accounting standards, the option component of the convertible note is classified as liability (Refer to accounting policy note 1(u)). The value of the derivative fluctuates with the Company's underlying share price.

As the convertible note is denominated in the United States dollars, the change in the exchange rate with the Australian dollar is also taken into account in deriving the fair value of the convertible note derivative.

	2013 $	2012 $
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	-	-
Derecognition of derivative liability*	-	(545,236)
Carrying amount of derivative	-	-

* 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 derivative of $545,236.

Note 17: Contributed equity

	2013 $	2012 $
(a) Ordinary shares*	86,416	19,138,441
Total consolidated contributed equity	86,416	19,138,441

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

Note 17: Contributed equity (continued)

(b) Movements in ordinary share capital

	No.	$
Balance as at 1 July 2012	241,154,294	19,138,441
Consolidation of capital [1]	(217,038,938)	-
Reduction of capital [2]	-	(19,052,025)
Closing balance as at 30 June 2013	24,115,356	86,416
Balance as at 1 July 2011	205,522,515	18,344,635
Shares issued in July to September 2011[3]	5,631,779	225,000
Shares issued in April to May 2012 at 2 cents each	30,000,000	600,000
Share issue cost	-	(31,194)
Closing balance as at 30 June 2012	241,154,294	19,138,441

[1] On 28 June 2013, pursuant to the resolution approved at the shareholders meeting on 18 June 2013, the Company's securities were consolidated on a 1:10 basis, resulting in a reduction of the number of shares on issue, from 241,154,294 to 24,115,356 ordinary fully paid shares.

[2] On 20 June 2013, pursuant to the resolution approved at the shareholders meeting on that date, the Company's share capital was reduced by $19,052,025 being a portion of the accumulated losses against the share capital which is considered permanently lost.

[3] Shares issued on conversion of convertible note.

(c) Share Options

There are no unissued ordinary shares of Cell Aquaculture Ltd under option as at 30 June 2013.

Note 18: Reserves and accumulated losses

	2013 $	2012 $
(a) Reserves		
Foreign Currency Translation Reserve (Note 18(a) (i))	(50,313)	(86,416)
Share Based Payment Reserve (Note 18(a) (ii))	-	820,715
	(50,313)	734,299
(i) Movements - Foreign Currency Translation Reserve		
Opening balance	(86,416)	(98,546)
Currency translation differences arising during the year	36,103	12,130
	(50,313)	(86,416)

	2013 $	2012 $
(ii) Movements – Share Based Payment Reserve		
Opening balance	820,715	820,715
Reserve written off as part of reduction of reduction of capital	(820,715)	-
Closing balance	-	820,715

(iii) Nature and purpose of reserves

Foreign Currency Translation Reserve
Exchange differences arising on translation of the investments in foreign controlled companies are taken to the foreign currency translation reserve. The reserve is recognised in the Statement of Profit or Loss and other Comprehensive Income when the net investment is disposed of.

Share Based Payment Reserve
The Share Based Payment Reserve is used to recognise the fair value of options issued but not exercised.

	2013 $	2012 $
(b) Accumulated Losses		
Balance as at 1 July	(20,789,514)	(17,539,446)
Reduction of capital	19,872,740	
Net profit/(loss) for the year	(238,918)	(3,250,068)
Balance as at 30 June	(1,155,692)	(20,789,514)

Note 19: Key Management Personnel disclosures

(a) Compensation of Key Management Personnel

	2013 $	2012 $
Short-term employee benefits	25,940	403,781
Termination benefits	-	12,000
Share based payments	-	-
Post employment benefits	-	9,687
	25,940	425,468

(b) Options Holdings of Key Management Personnel

During the year ended 30 June 2013 and to the date of this report, there are no options on issue and therefore no options held by Key Management Personnel.

(c) Shareholdings of Key Management Personnel

30 June 2013	Balance 1 July 2012	Adjustment for consolidation	Balance held at resignation	Allotted	Net Purchased/ (Sold)	Balance 30 June 2013	
Directors							
P D Price	-	-	-	-	-	-	
P J Leach	16,007,501	(14,406,751)	-	-	-	1,600,750	
S E Abishegam	1,293,816	(1,164,435)	-	-	-	129,381	
K C Ong	-	-	-	-	-	-	
S T Yoon	-	-	-	-	-	-	
N J Patterson[1]	1,125,490	-	(1,125,490)	-	-		[2]
	18,426,807	(15,571,186)	(1,125,490)	-	-	1,730,131	

[1] N J Patterson resigned during the year and at the date of resignation ceases to be a member of key management personnel.

30 June 2012	Balance 1 July 2011	Received as Remuneration	Balance held at appointment	Allotted	Net Purchased/ (Sold)	Balance 30 June 2012	
Directors							
P J Leach	16,007,501	-	-	-	-	16,007,501	
P G Burns	1,335,395	-	-	-	(261,146)	1,074,249	[2]
S E Abishegam	1,293,816	-	-	-	-	1,293,816	
Peter Bodycoat	1,720,000	-	-	-	-	1,720,000	[2]
N J Patterson	-	-	1,125,490	-	-	1,125,490	
Other Key Management Personnel							
C Bolger [1]	139,358	-	-	-	-	139,358	[2]
	20,496,070	-	1,125,490	-	(261,146)	21,360,414	

[1] C Bolger holds his interest in shares indirectly.
[2] Represents balance held at date of resignation.

(e) Other transactions with Key Management Personnel

Other Transactions with Key Management Personnel and their related entities:

Transactions between Key Management Personnel and their related entities are on commercial terms no more favourable than those available to other parties unless otherwise stated.

		2013 $	2012 $
(i)	Management fees and reimbursements paid to Azimuth Shipping Corporation, a related company of S E Abishegam.	-	-
(ii)	Consulting fees charged by Trident Capital Pty Ltd, a related company of P Price	50,000	-
(iii)	Legal fees charged by Price Sierakowski Pty Ltd, a related company of P Price	139,222	-
(iv)	Consulting fees paid to Jarq Holdings Pty Ltd, a related company of P Leach	-	159,113
(v)	Consulting fees and rent paid to Acute Management Services, a related entity of P Bodycoat	-	135,333

In addition to the above Jarq Holdings Pty Ltd have lodged an informal proof of debt with the administrator for $164,409. This amount is subject to the Deed of Company Arrangement as it relates to amounts invoiced prior to the appointment of administrators in November 2012. The Company is unable to determine how much, if any, of this amount Jarq Holdings Pty Ltd will receive on finalisation by the administrator.

	2013 $	2012 $
(f) Amounts outstanding at reporting date		
Aggregate amounts payable to Key Management Personnel and their Key Management Personnel -related entities at reporting date:		
Current liabilities		
Payables	189,222	108,270
Unsecured loans	-	-
Non Current liabilities		
Unsecured loans	-	-

Note 20: Remuneration of auditors

The auditor of Cell Aquaculture Limited is BDO Audit (WA) Pty Ltd.

	2013 $	2012 $
Audit and other assurance services		
Amounts paid or payable to the auditor for:		
- auditing and reviewing the financial statements	21,532	66,579
- other assurance services	8,160	-
Total remuneration for audit and other assurance services	29,692	66,579

In addition to the above BDO Audit (WA) Pty Ltd have lodged a formal proof of debt with the administrator for $51,000. This amount is subject to the Deed of Company Arrangement as it relates to amounts invoiced prior to the appointment of administrators in November 2012. The Company is unable to determine how much, if any, of this amount BDO Audit (WA) Pty Ltd will receive on finalisation by the administrator.

Note 21: Contingencies

Contingent liabilities

The directors of the Company are not aware of any contingent liabilities which require disclosure in the full year financial statements.

Note 22: Commitments

Operating lease commitments	2013 $	2012 $
Not later than 1 year	8,579	29,822
Later than 1 year and not later than 2 years	-	8,579
Later than 2 year and not later than 5 years	-	-
	8,579	38,401

Note 23: Related party transactions

(a) Parent entity

The parent entity within the Group is Cell Aquaculture Ltd. The ultimate parent entity and ultimate controlling entity is Cell Aquaculture Ltd which at 30 June 2013 owns 90% (2012: 90%) of issued ordinary shares of Cell Aqua Malaysia Sdn Bhd, 100% of issued ordinary shares of Cell Aqua Foods Pty Ltd, 49% of issued shares of C Aquaculture Holdings Limited and 74% of issued shares of C Aquaculture (Thailand) Limited.

(b) Transactions with related parties

Other than as disclosed in Note 19(e), there were no transactions with related parties during the current or prior financial years.

(c) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties, and no interest is payable on the loans. Outstanding balances are unsecured and are repayable in cash.

Note 24: Events occurring after the reporting date

On 12 July 2013 the Company lodged a replacement prospectus with the ASIC to raise up to $2,500,000 through the issue of up to 250,000,000 fully paid ordinary shares at $0.01 per share. On 28 August 2013 the Company allotted 250,000,000 shares to applicants under the Public Offer who had submitted applications totalling $2,500,000. The Company also allotted 100,000,000 to the applicants under the Sophisticated Investor Offer who had submitted applications totalling $100,000. The Company was reinstated to quotation on the ASX on 20 September 2013.

There were no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Note 25: Reconciliation of loss after income tax to net cash flow from operating activities

	2013 $	2012 $
Operating loss after income tax	(264,452)	(3,499,875)
Depreciation of non-current assets	-	31,276
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	-	659,724
Provision for impairment of inventories	-	190,707
Provision for impairment of biological assets	-	92,651
Provision for impairment of property, plant & equipment	-	323,411
Gain on Deed of Company Arrangement	(1,085,726)	-
Default fee	-	64,706
Foreign currency movements	19,030	-
Other	6,175	(70)
Changes in net assets and liabilities:		
(Increase)/decrease in assets		
- Prepayments	(46,485)	-
- Trade and other receivables	(192,525)	-
Increase/(decrease) in liabilities		
- Current trade creditors and payables	1,731,894	343,577
- Borrowings	-	(7,572)
Net cash used in/ generated from operating activities	167,911	(1,364,468)

Note 26: Non-cash investing and financing activities

There is no non-cash investing and financing activities during the financial year ended 30 June 2013.

Note 27: Earnings/(Loss) per share

Basic earnings/(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 following reflects the income and share data used in the basic earnings/(loss) per share computations:

	2013	2012
	$	$
Earnings/(Loss) attributable to ordinary equity holders	(238,918)	(3,250,068)
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	21,415,356	21,415,356
	Cents/share	**Cents/share**
Basic and diluted loss per share	(0.99)	(15.16)*

***** The prior year calculation for Basic and diluted loss per share has been recalculated to reflect the impact of the share consolidation in the current period.

Note 28: Parent entity information

The following detailed information is related to the parent entity, Cell Aquaculture Ltd, at 30 June 2013. The information presented here has been prepared using consistent accounting policies as discussed in Note 1.

	2013	2012
	$	$
Current assets	227,245	7,615
Non-current assets	-	-
Total assets	**227,245**	**7,615**
Current liabilities	1,186,698	529,881
Non-current liabilities	-	721,607
Total liabilities	**1,186,698**	**1,251,488**
Contributed equity	86,416	19,138,441
Accumulated profit/(losses)	(1,045,869)	(21,203,059)
Reserves	-	820,715
Total equity	**(959,453)**	**(1,243,903)**
Loss for the year	(284,420)	(4,454,042)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(284,420)**	**(4,454,042)**

Note 29: Dividends

No dividends have been declared or paid during the year.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is as at 27 September 2013.

Shareholdings as at 27 September 2013

Substantial shareholders

Name	Number of ordinary shares held	Percentage of capital held
MS YING WA CHAN	42,000,000	11.23
MS HO YIN CHAN	31,000,000	8.29
MR FEI CHAN	28,000,000	8.02
MR HUAN WEI XIAO	24,000,000	7.48
TOTAL	**125,000,000**	**33.42**

Distribution of security holders

Category	Number of Holders
1 – 1,000	264
1,001 – 5,000	249
5,001 – 10,000	84
10,001 – 100,000	135
100,001 and over	103
	835

Unmarketable parcels

The number of shareholders holding less than a marketable parcel is 663.
There is only one class of share and all ordinary shareholders have equal voting rights.

On-market buyback

There is no current on-market buy-back.

Securities subject to escrow

The Company has securities that are subject to escrow.

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
MS YING WA CHAN	42,000,000	11.23
MS HO YIN CHAN	31,000,000	8.29
MR FEI CHAN	28,000,000	7.48
MR HUAN WEI XIAO	24,000,000	6.42
DOUBLE SEVEN LIMITED	17,500,000	4.68
MS YONGYING HU	15,000,000	4.01
MR WAI KWAN KU	10,000,000	2.67
MR XIA PENG REN	10,000,000	2.67
MS KRISTINA LIU	10,000,000	2.67
MR YIJUN CHEN	10,000,000	2.67
MR ZHONG CHEN	10,000,000	2.67
MR REN KE YU	10,000,000	2.67
HONG KONG E&C INVESTMENT AND CONSULTANTS LIMITED	10,000,000	2.67
KEONG MING TEE	10,000,000	2.67
RZ CAPITAL PTE LTD	10,000,000	2.67
MR SHANGCHONG LI	9,000,000	2.41
MR YUEN SUEN SHERMAN LAM	8,500,000	2.27
MR ZHI YUAN BAI	7,000,000	1.87
MR YA FEI MA	5,000,000	1.34
MR DASHUN TANG	5,000,000	1.34
TOTAL	**282,000,000**	**75.37**

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

The Company's Corporate Governance policies and its Securities Trading Policy are available on the Company's website. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

Principle 1 – Lay solid foundations for management and oversight

The Board and management have formalised their respective roles and responsibilities and the functions reserved to the Board and management. The Board has established and adopted a Board Charter for this purpose.

The Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising company performance and the protection and enhancement of long-term shareholder value.

The Board has also established a Nomination and Remuneration Committee Charter which, amongst other functions, guides the Board in its evaluation of the performance of senior executives and encourages an appropriate mix of skills, experience, expertise and diversity on the Board.

The role of management is the efficient and effective operation of the activities of the Company in accordance with the objectives, strategies and policies determined by the Board. The performance of senior management is reviewed annually in a formal process with the executive's performance assessed against the company and personal benchmarks. Benchmarks are agreed with the executives and reviews are based upon the degree of achievement against those benchmarks.

Principle 2 – Structure the Board to add value

The Board has been formed such that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. Directors are appointed based on the specific skills required by the Company and on their experience, decision-making and judgement skills.

The Company has adopted a Nomination and Remuneration Committee Charter which encourages a transparent Board selection process in searching for and selecting new directors to the Board and having regard to any gaps in the skills and experience of the directors of the Board and ensuring that a diverse range of candidates is considered. The Board composition is reviewed on an ongoing basis with regard to the activities of the Company and the skills sets required to support those activities.

A separate nomination committee has not been formed. The role of the nomination committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

The composition of the Board is determined using the following principles:

- A minimum of three directors, with a broad range of expertise
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board

The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.

In assessing the independence of directors, the Board follows the ASX guidelines and will consider whether the director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- Is employed, or has previously been employed in executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving the on board
- Has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided
- Is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- Has a material contractual relationship with the Company or another group member other than as director of the Company

The Board does not have a majority of independent directors. It is comprised of 3 non-executive directors and 2 executive directors and the Board is confident that each non-executive director brings independent judgement to the Board's decisions. The Board considers the existing structure and skill sets of the directors' appropriate given the small scale of the Company's enterprise and the associated economic restrictions the scale of operations places on the Company. The existing structure is aimed at maximising the financial position of the Company by keeping its operating costs to a minimum.

Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the Company.

Principle 3 – Promote ethical and responsible decision making

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board has established a Code of Conduct to guide the Directors, managers, employees and officers of the Company with respect to matters relevant to the Company's legal and ethical obligations and the expectations of stakeholders.

The Code of Conduct requires officers and employees to avoid or ensure proper management of conflicts of interest, to not use confidential information for personal gain and to act in fair, honest and respectful manner. The Board has procedures in place for reporting any matters that give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the Company.

Diversity Policy

The Board has also established a Diversity Policy which affirms the Company's commitment to promoting a corporate culture that is supportive of diversity and outlines strategies that the Board can undertake to encourage and promote a diverse working environment.

The Company does not select candidates based on gender or ethnicity, rather the recruitment process chooses candidates from a diverse group after widely canvassing the market and by selecting the most appropriate candidate based on merit and suitability for the role.

Currently the Company has no employees as the operations are managed by the Board. Operations are carried out through the engagement of independent consultants and the administration is outsourced to a management company. There are currently no women on the Board of the Company or employed by the Company.

Given the Company's size and that it currently has no employees the Board does not consider it appropriate to set objectives regarding gender diversity at this time. As the operations grow, the Board will give consideration to the setting of such objectives and their achievement through the appointment of appropriate candidates to the Board and senior executive positions as they become available:

Securities Trading Policy

The Board encourages directors and employees to hold shares in the Company to align their interest with the interests of all Shareholders. The Company has adopted a Securities Trading Policy which guides directors, employees or contractors in trading the Company's securities in accordance with ASX Listing Rules. Trading the Company's shares is prohibited under certain circumstances and a director, employee or contractor must not deal in the Company's securities at any time when he or she is in possession of information which, if generally available, may affect the price of the Company's shares.

The Policy sets out the following information:

(a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;

(b) trading in the Company's securities which is not subject to the Company's Trading Policy; and

(c) the procedures for obtaining written clearance for trading in exceptional circumstances.

Principle 4 – Safeguard integrity in financial reporting

The Directors require the Managing Director and external company auditors to state in writing to the Board, that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

A separate audit committee has not been formed. However, the Company has adopted an Audit Committee Charter. The role of the audit committee is carried out by the full Board in accordance with the Audit Committee Charter. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate audit committee.

Principle 5 – Make timely and balanced disclosure

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX Listing Rules and the Corporations Act. The Directors have established a written policy and procedure to ensure compliance with the disclosure requirements of the ASX Listing Rules. At each meeting of the directors, consideration is given as to whether notice of material information concerning the Company, including its financial position, performance, ownership and governance has been made to all investors.

Under the policy the Company's employees and contractors must disclose any relevant information which comes to their attention and is believed to potentially be material to the Company Secretary or Executive Director.

Principle 6 – Respect the rights of Shareholders

The Directors have established a communications strategy to promote effective communication with Shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX, the Company will also ensure that all relevant documents are released on the Company's website.

Communication with Shareholders is achieved through the distribution of the following information:

- The Annual Report is distributed to Shareholders;
- The Half Yearly Report is available on the Company's website
- Regular reports and announcements are released through the ASX
- The Annual General Meeting and other meetings called by the Company to obtain Shareholder approval as appropriate
- Investor information released through the Company's website

Principle 7 – Recognise and manage risk

The Board is responsible for overseeing the risk management function and ensuring that risks and opportunities are identified on a timely basis. The Directors have established a Risk Management Policy regarding the oversight and management of material business risks.

Responsibility for the control and risk management is delegated to the appropriate level of management within the Company, with the Executive Director having ultimate responsibility to the Board for monitoring the risk management and control framework. Risk analysis and evaluation occurs on an ongoing basis in the course of the activities of the Company. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies.

The Executive Director reports on a regular basis to the Board on the areas of their responsibility, including material business risks and provides an annual written report to the Board summarising the effectiveness of the Company's management of material business risks.

Principle 8 – Remunerate fairly and responsibly

A separate remuneration committee has not been formed. However, the Company has adopted a Nomination and Remuneration Committee Charter. The role of the remuneration committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee charter. The charter details how the Board fulfils its duties in regards to the Company's remuneration plans, policies and practices, including the compensation of non-executive directors, executive directors and management. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

The Board has provided disclosure within this Annual Report in relation to Directors' remuneration and remuneration policies in accordance with the ASX Listing Rules and the Corporations Act. There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

The Company has a policy to prohibit its directors and employees, who participate in an equity-based incentive plan of the Company, from entering into transactions which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities. Directors and employees are encouraged to take sufficient professional advice in relation to their individual financial position.

CORPORATE DIRECTORY

Directors
Paul Price
Perryman Leach
Suresh Abishegam
KC Dennis Ong
Soo Tuck Yoon

Company Secretary
Miss Deborah Ho

Registered Office and Principal Place of Business
Cell Aquaculture Ltd
c/o Trident Management Services Pty Ltd
Level 24
44 ST George's Terrace
Perth, WA 6000
Telephone: (08) 6211 5099

Share Registry
Advanced Share Registry Services
150 Stirling Hwy
Nedlands WA 6009
Telephone: (08) 9389 8033

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Telephone: (08) 6382 4600

Stock Exchange
The Company is listed on the Australian Securities Exchange (Code: CAQ). The Home Exchange is Perth.

Other Information
Cell Aquaculture Ltd, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Website
www.cellaquaculture.com.au