

APPENDIX 4D

Half-year Report for the period ending 31 December 2013

1. Name of entity

CELL AQUACULTURE LIMITED

ABN	Reporting Period	Previous Corresponding Period
86 091 687 740	Half-year ended 31 December 2013	Half-year ended 31 December 2012

2. Results for Announcement to the Market

Financial Results				31 December 2013
Revenues from ordinary activities (<i>item 2.1</i>)	Down	96.6%	to	25,571
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up	189.9 %	to	386,130
Net profit for the period attributable to members (<i>item 2.3</i>)	Up	189.9 %	to	386,130
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above (<i>item 2.6</i>):	The profit in this period is due to the gain on the disposal and deconsolidation of subsidiary companies. Refer attached Interim Financial Report for additional details.			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	0.49 cents	(0.007) cents

4. Control gained over entities

Details of entities over which control has been gained or lost (<i>item 4</i>)	<p>The Company lost control of its 90% owned subsidiary, Cell Aqua Malaysia Sdn Bhd ("CAM") during the period. As a result of the Company's loss of control, CAM was deconsolidated.</p> <p>The Company's 100% owned subsidiary, Cell Aqua Foods Pty Ltd ("CAF") was placed into liquidation during the period.</p>
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5. Dividends paid and payable

Details of dividends or distribution payments (<i>item 5</i>)	No dividends or distributions are payable.
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6. Dividend reinvestment plans

Details of dividend or distribution reinvestment plans (<i>item 6</i>)	There is no dividend reinvestment program in operation for Cell Aquaculture Limited
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7. Details of associates

Details of associates and joint venture entities (<i>item 7</i>)	N/A
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8. Foreign entities

Foreign entities to disclose which accounting standards are used in compiling the report (<i>item 8</i>)	N/A
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9. Review Opinion

Details of any audit dispute or qualification (<i>item 9</i>)
<p>Basis for Qualified Conclusion:</p> <p>As noted in Note 6 to the financial report, on 4 November 2013 the Company lost control over its subsidiary Cell Aqua Malaysia Sdn Bhd. As a result, the Company has been unable to access all of the financial information of Cell Aqua Malaysia Sdn Bhd for the period 1 July 2013 to 4 November 2013. Attention is drawn to the gain on deconsolidation of Cell Aqua Malaysia Sdn Bhd of \$1,181,150 recognised in the statement of profit or loss and other comprehensive income for the period ended 31 December 2013. We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness and existence of this amount. Consequently, we are unable to determine whether any adjustments were necessary to the statement of financial position as at 31 December 2013 and the statement of profit or Loss and other comprehensive income, statement of cashflows and the statement of changes in equity and associated notes for the half-year ended 31 December 2013.</p>

CELL AQUACULTURE LTD

ABN 86 091 687 740

**Interim Financial Report
for the Half-Year Ended 31 December 2013**

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Cell Aquaculture Ltd ABN 86 091 687 740

DIRECTORS' REPORT

The Directors of Cell Aquaculture Ltd ("Cell") submit herewith the interim financial report of the consolidated entity consisting of Cell Aquaculture Ltd and the entities it controlled at the end of, or during the half-year ended 31 December 2013.

Directors:

The names of the directors in office at any time during or since the end of the half-year:

Paul Damian Price
KC Dennis Ong
Soo Tuck Yoon
Perryman James Leach (resigned 12 February 2014)
Suresh Emmanuel Abishegam (resigned 4 November 2013)

Operating results

The operating result for the consolidated entity for the six months after providing for income tax amounted a gain of \$754,853 (31 December 2012: loss \$429,280).

	Dec 10	Dec 11	Dec 12	Dec 13
Operating Gain/(Loss)	\$(835,791)	\$(2,013,406)	\$(429,280)	\$350,663

Review of operations and changes in State of Affairs

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. 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").

During the half year the Company finalised its capital raising and was successfully reinstated to trading on the Australian Stock Exchange. The Company successfully raised \$3,000,000, \$500,000 under the proponent offer and \$2,500,000 under the prospectus raising. The Company was reinstated to trading on 20 September 2013.

During the period the Directors reviewed the Company's investment in the Pagoh Project and the TRG Cell Projects in Malaysia and the Thai subsidiaries. The Company has also commenced reviewing alternative investment opportunities for the Company as was foreshadowed in the Company's prospectus dated 12 July 2013.

The review of the Malaysian projects concluded that their success relied on the recovery of substantial costs owed to them by the Malaysian Fisheries Department and the Terengganu State Government. The Directors are of the opinion that the recovery of the Company's investment and amounts owed to it is not likely as a result of Cell Aqua Malaysia Sdn Bhd operating at a loss and having substantial creditors, none of which are liable from the parent company. The Directors have agreed to the sale of the Company's interest to the minority shareholder for a nominal sum. In addition, following the resignation of Captain Suresh Abishegam, the Company has been unable to obtain any financial information in relation to Cell Aqua Malaysia Sdn Bhd and is unable to influence the management or control the relevant activities of the subsidiary. Accordingly it is deemed that Cell Aquaculture Limited has lost the power to control Cell Aqua Malaysia Sdn Bhd. In the financial report for the period the Company has deconsolidated its Malaysian subsidiary, and its interest in Cell Aqua Malaysia Sdn Bhd is accounted for as an investment. The investment and receivables have been fully impaired.

Cell Aquaculture Ltd ABN 86 091 687 740
DIRECTORS' REPORT

The Thai subsidiaries had not operated for several years and the Directors were of the view that there was no benefit to the Group of maintaining an interest in the Thai projects or subsidiary companies. The Company's investment in the Thai subsidiaries was sold for a nominal amount and the Company retains no interest in the Thai projects.

The Company's Australian subsidiary, Call Aqua Foods Pty Ltd ceased operations following the appointment of administrators to Cell Aquaculture Ltd. Following a review of the position and prospects of Cell Aqua Foods Pty Ltd the Company resolved to liquidate Cell Aqua Foods Pty Ltd and liquidators were appointed on 19 November 2013.

Events Subsequent to Reporting Date

On the 12 of February 2014 Mr Perry Leach resigned as a director of the Company.

There were no other events subsequent to reporting date requiring disclosure.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5.

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



Paul Price
Chairman

Dated at Perth this 28th day of February, 2014

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

As lead auditor for the review of Cell Aquaculture Limited for the half-year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

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, 28 February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members of Cell Aquaculture Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cell Aquaculture Ltd, which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cell Aquaculture Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

As noted in Note 6 to the financial report, on 4 November 2013 the Company lost control over its subsidiary Cell Aqua Malaysia Sdn Bhd. As a result, the Company has been unable to access all of the financial information of Cell Aqua Malaysia Sdn Bhd for the period 1 July 2013 to 4 November 2013. Attention is drawn to the gain on deconsolidation of Cell Aqua Malaysia Sdn Bhd of \$1,181,150 recognised in the statement of profit or loss and other comprehensive income for the period ended 31 December 2013. We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness and existence of this amount. Consequently, we are unable to determine whether any adjustments were necessary to the statement of financial position as at 31 December 2013 and the statement of profit or Loss and other comprehensive income, statement of cashflows and the statement of changes in equity and associated notes for the half-year ended 31 December 2013.

Qualified Conclusion

Except for the adjustments, if any, to the half-year financial report that we might have become aware of had it not been for the situation described above, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Cell Aquaculture Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 28 February 2014

Cell Aquaculture Ltd ABN 86 091 687 740

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	31 December 2013 \$	31 December 2012 \$
Revenue from continuing operations		25,571	756,272
Foreign currency gain		-	6,951
Raw materials and consumables used		-	(506,589)
Legal expenses		(30,465)	(14,524)
Marketing expenses		-	(38,375)
Communication expenses		(7,727)	(4,467)
Consultancy expenses		(73,000)	(117,605)
Employee benefits expense		-	(15,543)
Occupancy costs		(6,000)	(34,198)
Professional costs		(50,676)	(82,688)
Travel costs		(35,170)	(13,421)
Finance Costs		-	(17)
Other expenses		(45,558)	(189,440)
Administrators expenses		-	(114,614)
Interest expense		-	(50,000)
Provision for impairment of receivable		-	(11,022)
(Loss) from continuing operations before deconsolidation of subsidiaries		(223,025)	(429,280)
Net gain on disposal and deconsolidation of subsidiary companies	6	977,878	-
Profit/(Loss) from continuing operations before Income Tax Expense/ Benefit		754,853	(429,280)
Income tax benefit		-	-
Profit/(Loss) after income tax for the half-year		754,853	(429,280)
Loss from discontinued operations	7	(404,190)	-
Profit/(Loss) for the half-year		350,663	(429,280)
Other comprehensive income			
<i>Items that will be reclassified to the profit or loss</i>			
Exchange differences on foreign currency translation		50,313	(47,111)
Total comprehensive income/(loss) for the half-year		400,976	(476,391)
Income/(Loss) is attributable to:			
Owners of Cell Aquaculture Ltd		386,130	(481,522)
Non-controlling interest		(35,467)	52,242
		350,663	(429,280)
Total comprehensive income/(loss) for the half-year is attributable to:			
Owners of Cell Aquaculture Ltd		436,443	(528,633)
Non-controlling interest		(35,467)	52,242
		400,976	(476,391)
Basic and diluted earnings/(loss) per share (Cents)		0.14	(2.00) *

* Prior year EPS has been adjusted to reflect the 1 for 10 consolidation on 28 June 2013

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 31 DECEMBER 2013**

	Note	Company 31 December 2013 \$	Consolidated 30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents		1,549,445	394,443
Trade & other receivables	3	90,616	239,010
TOTAL CURRENT ASSETS		<u>1,640,061</u>	<u>633,453</u>
 TOTAL ASSETS		 <u>1,640,061</u>	 <u>633,453</u>
CURRENT LIABILITIES			
Trade & other payables		53,500	2,210,709
TOTAL CURRENT LIABILITIES		<u>53,500</u>	<u>2,210,709</u>
 TOTAL LIABILITIES		 <u>53,500</u>	 <u>2,210,709</u>
 NET ASSETS/(DEFICIENCY)		 <u>1,586,561</u>	 <u>(1,577,256)</u>
 EQUITY			
Contributed equity	4	2,855,431	86,416
Accumulated losses		(1,268,870)	(1,155,692)
Reserves		-	(50,313)
Capital and reserves attributable to the owners Of Cell Aquaculture Ltd		1,586,561	(1,119,589)
Non-controlling interest		-	(457,667)
TOTAL EQUITY		<u>1,586,561</u>	<u>(1,577,256)</u>

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 HALF-YEAR ENDED 31 DECEMBER 2013

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Total	Non- controlling Interest	Total
Balance at 1 July 2013	86,416	(1,155,692)	(50,313)	(1,119,589)	(457,667)	(1,577,256)
Profit/(Loss) for the period	-	386,130	-	386,130	(35,467)	350,663
Realisation of exchange differences and NCI on deconsolidation	-	(499,308)	50,313	(448,995)	499,308	50,313
Total comprehensive income/(loss) for the period	-	(113,178)	50,313	(62,865)	463,841	400,976
Transactions with owners in their capacity as owners:						
Issue of shares	2,769,015	-	-	2,769,015	-	2,769,015
Non-controlling interests	-	-	-	-	(6,174)	(6,174)
Balance at 31 December 2013	2,855,431	(1,268,870)	-	1,586,561	-	1,586,561

	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total	Non- controlling Interest	Total
Balance at 1 July 2012	19,138,441	(20,789,514)	820,715	(86,416)	(916,774)	(438,307)	(1,355,081)
Loss for the period	-	(481,522)	-	-	(481,522)	52,242	(429,280)
Exchange difference on translation of foreign operations	-	-	-	(47,111)	(47,111)	-	(47,111)
Total comprehensive income/(loss) for the period	-	(481,522)	-	(47,111)	(528,633)	52,242	(476,391)
Transactions with owners in their capacity as owners:							
Issue of shares	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	6,023	6,023
Balance at 31 December 2012	19,138,441	(21,271,036)	820,715	(133,527)	(1,445,407)	(380,042)	(1,825,449)

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 HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	31 December 2013 \$	31 December 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		280,404	678,836
Interest received		13,855	12
Payments to suppliers and employees		(1,099,669)	(657,415)
Net cash inflow/(outflow) from operating activities		<u>(805,410)</u>	<u>21,433</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of subsidiary companies	1		-
Cash disposed through liquidation of subsidiary		(22,998)	-
Cash disposed through deconsolidation of subsidiary		(28,983)	-
Net cash outflow from investing activities		<u>(51,980)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues (net of share issue costs)		2,820,000	-
Payment made under DOCA		(570,000)	-
Capital Raising Costs		(230,985)	-
Net cash inflow from financing activities		<u>2,019,015</u>	<u>-</u>
Net increase in cash held		1,161,625	21,433
Cash and cash equivalents at the beginning of the half-year		394,443	29,674
Effects of exchange rate changes on cash and cash equivalents		(6,623)	(47,111)
Cash and cash equivalents at the end of the half-year		<u><u>1,549,445</u></u>	<u><u>3,996</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

Note 1: Basis of preparation of half-year financial statements

These general purpose financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensure compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2013 and any public announcements made by Cell Aquaculture Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements.

Accounting Standards Issued

In the half-year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2013.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.

- AASB 10 *Consolidated Financial Statements* (effective from 1 July 2013) - AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7. The adoption of AASB 10 had no effect on the financial position or performance of the Company.
- AASB 11 *Joint Arrangements* (effective 1 July 2013) - AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Nonmonetary Contributions by Venturers. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128. The adoption of AASB 11 had no effect on the financial position or performance of the Company.
- AASB 12 *Disclosure of Interests in Other Entities* (effective 1 July 2013) - AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced regarding the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The adoption of AASB 12 had no material impact on the financial statements of the Group.

Cell Aquaculture Ltd ABN 86 091 687 740

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 1: Basis of preparation of half-year financial statements Accounting Standards Issued (continued)

- AASB 13 *Fair Value Measurement* (effective 1 July 2013) - AASB 13 consolidates fair value measurement guidance from across various Australian Accounting Standards into a single standard. AASB 13 does not change when fair value can or should be used. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).
- AASB 119 *Employee Benefits* (effective 1 July 2013) - The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. The adoption of AASB 119 had no effect on the financial position or the performance of the Group.

Going Concern

The accompanying financial statements have been prepared on a going concern basis.

Note 2: Investments

	Company 31 December 2013 \$	Consolidated 30 June 2013 \$
Investments		
Investment in subsidiary companies	17,000	-
Provision for diminution of investments	(17,000)	-
Investments	-	-

The consolidated financial statements include the financial statements of Cell Aquaculture Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest		Investment	
		2013	2012	2013	2012
Cell Aqua Foods Pty Ltd	Australia	0%	100%	-	-
Cell Aqua Malaysia Sdn Bhd *	Malaysia	90%	90%	-	17,000
Cell Aquaculture (Thailand) Ltd	Thailand	0%	100%	-	230,201
Cell Aquaculture (Holdings) Ltd	Thailand	0%	100%	-	29,785

Cell Aquaculture Limited is the ultimate Australian parent entity and ultimate parent of the Group.

- * Following the resignation of Captain Suresh Abishegam as a Director of Cell Aquaculture Limited and a number of other related factors, the Company has lost the power to control its subsidiary; Cell Aqua Malaysia Sdn Bhd. The Company has deconsolidated its Malaysian subsidiary on 4 November 2013, and its interest in Cell Aqua Malaysia Sdn Bhd is now accounted for as an investment at cost less impairment. As at 31 December 2013 the investment has been fully impaired.

Cell Aquaculture Ltd ABN 86 091 687 740

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 3: Receivables

	Company 31 December 2013 \$	Consolidated 30 June 2013 \$
Current		
Trade receivables	-	31,467
Other receivables	90,616	262,516
Provision for impairment of receivables	-	(54,973)
	90,616	239,010
Non-Current		
Other receivables	-	384,854 *
Provision for impairment of receivables	-	(384,854)
	-	-

* Receivable from TRG Cell Sdn Bhd (an associate company of Cell Aqua Malaysia Sdn Bhd). 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. This amount was receivable by Cell Aqua Malaysia Sdn Bhd and accordingly with the deconsolidation of Cell Aqua Malaysia Sdn Bhd is no longer represented in the financial statements.

Note 4: Contributed Equity

	31 December 2013 \$	30 June 2013 \$
(a) Ordinary shares*	2,855,431	86,416
Total consolidated contributed equity	2,855,431	86,416

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

(b) Movements in ordinary share capital

	No.	\$
Balance as at 1 July 2013	24,115,356	86,416
Issue of shares under proponent offer	100,000,000	500,000
Issue of shares under public offer	200,000,000	2,500,000
Costs of issue		(230,985)
Closing balance as at 31 December 2013	324,115,356	2,855,431
Balance as at 1 July 2012	241,154,294	19,138,441
Closing balance as at 31 December 2012	241,154,294	19,138,441

(c) Share Options

There are no unissued ordinary shares of Cell Aquaculture Ltd under option as at 31 December 2013.

Cell Aquaculture Ltd ABN 86 091 687 740

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 5: Contingent liabilities

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

Note 6: Net gain of deconsolidation and disposal of subsidiary companies

The following items included in the consolidated statement of profit or loss and other comprehensive income are as a result of the deconsolidation of the subsidiary companies.

	Note	Company 31 December 2013 \$	Consolidated 31 December 2012 \$
Write-off of receivable		(706,661)	-
Write-off of investment	2	(17,000)	-
Loss on sale of subsidiary companies		(259,987)	-
Loss on forgiveness of debt owed from subsidiaries		(1,278,798)	-
Write off receivable of subsidiary company placed in liquidation		(667,633)	-
Gain on disposal and deconsolidation of subsidiary companies		3,907,957	-
		<u>977,878</u>	

As a result of the Company's loss of control resulting in the interest in Cell Aqua Malaysia Sdn Bhd being deconsolidated in the financial statements, the receivable from Cell Aqua Malaysia Sdn Bhd (Current \$539,773, Non-current \$663,550) has been provided for in full as the Directors are of the opinion that the Company is unlikely to recover the amount owing.

As a result of Cell Aqua Foods Pty Ltd being placed into liquidation, the Company has provided in full for the amount receivable (Current \$667,633).

	Company 31 December 2013 \$	Consolidated 30 June 2013 \$
Cell Aqua Foods Pty Ltd	759,638	-
Cell Aqua Malaysia Sdn Bhd *	1,585,340	-
Cell Aquaculture (Thailand) Ltd	1,560,223	-
Cell Aquaculture (Holdings) Ltd	2,756	-
	<u>3,907,957</u>	-

*As a result of matters disclosed in Note 2 the Company has been unable to access all of the financial information of Cell Aqua Malaysia Sdn Bhd for the period 1 July 2013 to 4 November 2013. The amounts recognised in the statement of profit or loss for Cell Aqua Malaysia Sdn Bhd for gain on disposal of subsidiary is \$1,585,340 and for loss from discontinued operations is \$404,190. The net effect of the gain on deconsolidation on 4 November 2013 is \$1,181,150.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 7: Discontinued operation

During the period, the Company disposed of or lost control of all subsidiary companies as follows:

<i>Name</i>	<i>Date of Disposal</i>	
Cell Aqua Foods Pty Ltd	19 November 2013	Loss of control upon appointment of liquidator.
Cell Aqua Malaysia Sdn Bhd	4 November 2013	Loss of control. Refer Note 2.
Cell Aquaculture (Thailand) Ltd	7 November 2013	Sale of interest in company.
Cell Aquaculture (Holdings) Ltd	7 November 2013	Sale of interest in company.

Consideration received

The Company received consideration of \$1 in relation to the disposal of its shares in Cell Aqua (Thailand) Ltd and Cell Aqua (Holdings) Ltd. The Company received no consideration in relation to the loss of control of Cell Aqua Foods Pty Ltd and Cell Aqua Malaysia Sdn Bhd.

Net assets at date of sale

The carrying amount of assets and liabilities as at the date of deconsolidation were:

	Cell Aqua Foods Pty Ltd	Cell Aqua Malaysia Sdn Bhd	Cell Aqua (Thailand) Ltd	Cell Aqua (Holdings) Ltd
Cash	22,998	28,983	-	-
Trade creditors	(114,805)	(800,900)	(35,389)	(31)
Other creditors and provisions	(197)	(122,995)	(9,988)	(738)
Net assets	(92,004)	(894,912)	(45,377)	(769)

Net cash outflow on disposals

The cash outflow on disposal is as follows:

	\$
Cash and cash equivalents consideration received or receivable	1
Net cash and cash equivalents disposed of	(51,981)
Net cash outflow on disposal (refer statement of cash flows)	(51,980)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 7: Discontinued operation (continued)

Financial performance and cash flow information

The financial performance and cash flow information presented are for the period up until the date of disposal.

	\$
<i>Financial performance from discontinued operation</i>	
Revenue	19,522
Expenses	(423,712)
Gross profit/(loss)	(404,190)
Loss before tax from discontinued operations	(404,190)
Income tax benefit	-
Loss for the year from discontinued operations	(404,190)
Profit attributable to owners of the parent relates to:	
Profit from continuing operations	754,853
Loss after income tax from discontinued operations	(404,190)
	350,663
<i>Cash flows from discontinued operations</i>	
Net cash flows from operating activities	(155,079)
Net cash flows from investing activities	-
Net cash flows from financing activities	-
	(155,079)

Note 8: Events occurring after reporting date

On the 12 of February 2014 Mr Perry Leach resigned as a director of the Company.
There are no other matters identified.

Note 9: Transactions with related parties

The following transactions occurred with related parties during the half year. Transactions are on commercial terms no more favourable than those available to other parties unless otherwise stated.

	Company 31 December 2013 \$	Consolidated 31 December 2012 \$
Accounting, office and company secretarial services	47,924	-
Corporate advisory fees	56,000	-
Capital raising costs	230,985	-
Director fees	40,000	-
Legal Fees	30,465	-
	405,374	-

Accounting, office and company secretarial services were paid to Trident Management Services a director related entity of Mr KC Dennis Ong. Corporate advisory fees were paid to Trident Capital Pty Ltd, a director related entity of Mr Paul Price. Further amounts paid to Trident Capital Pty Ltd include \$184,500 of capital raising costs. The remaining capital raising costs were paid to Price Sierakowski Pty Ltd, a related entity of Mr Paul Price. Amounts paid to Price Sierakowski Pty Ltd also include legal fees above and \$25,000 in director fees. The remaining director fees were paid to Jarq Holdings, a director related entity of Mr Perryman Leach.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

Note 10: Fair value of financial instruments

The Company does not have any financial instruments that are subject to recurring fair value measurements. Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to approximate their fair value.

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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes set out on pages 8 to 18 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance, as represented by the results of its operations and its cash flow, for the half-year ended on that date.
2. In the director's opinion, there are reasonable grounds to believe that Cell Aquaculture Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Paul Price
Chairman

Dated at Perth this 28th day of February, 2014