CELL AQUACULTURE LTD

ABN 86 091 687 740

Annual Financial Report
for the Year Ended 30 June 2014

C O N T E N T S

The Directors present their report of the consolidated entity consisting of Cell Aquaculture Ltd and the entities it controlled ("**the Group**") during the year ended 30 June 2014.

Directors

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

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

Mr Paul Price
Chairman and Non-Executive Director

Mr Price 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. Mr Price's clients span numerous industry sectors, including resources and energy, manufacturing, professional services, industrial and technology. Mr Price has served as a director of a number of ASX listed companies and is a co-founder of corporate advisory firm Trident Capital. Mr Price 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. Mr Price has a Bachelor of Jurisprudence, a Bachelor of Laws and a Masters of Business Administration, all from the University of Western Australia.

Other directorships in Australian listed companies during the past three financial years are as follows:

- Windimurra Vanadium Limited – Director – appointed 30 July 2012
- Oz Brewing Limited – Director – appointed 19 June 2014

Mr KC Ong
Non-Executive Director

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

Other directorships in Australian listed companies during the past three financial years are as follows:

- 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)
Non-Executive Director

Mr Soo is of Malaysian nationality and has a Bachelor of Arts Degree from the National University of Malaysia. Mr Soo has 35 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 other Australian listed companies during the past three financial years.

Perryman J Leach M.I.E. Aust. **(resigned 12 February 2014)**
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 not held directorships in any other Australian listed companies during the past three financial years.

Capt. Suresh E Abishegam (resigned 4 November 2013)
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 had been associated with Cell for the past six 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.

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

Principal Activities
On 20 September 2013, Cell Aquaculture Ltd ("**the Company**") was reinstated to official quotation with the Australian Securities Exchange following its successful recapitalisation.

In line with the strategy outlined by the Company in its August 2013 prospectus, the Company reviewed aquaculture farming opportunities. The Company had also commenced reviewing alternative investment opportunities for the Company. During the year, the Company entered into a Heads of Agreement to acquire projects as detailed on page 5.

Dividends Paid or Recommended
No dividends were paid during the year and no recommendation is made as to dividends.

Operating and Financial Review
The net operating loss for the year ended 30 June 2014 was $601,908 compared to a net loss for the prior year of $228,349.

The loss for the year comprised of working capital costs incurred in the ordinary course of business and expenditure spent on the due diligence process of the projects which the Company is to acquire.

The loss for the prior year comprised of a gain from the Deed of Company Arrangement.

Review of operations and changes in State of Affairs

Reinstatement
On 1 October 2012, the securities of the Company were suspended from official quotation on the Official list of the ASX. 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.

In September 2013, the Company successfully raised $3,000,000, $500,000 under the proponent offer and $2,500,000 under the prospectus raising. The Company's securities were reinstated to trading on 20 September 2013.

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

Subsidiaries (continued)

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 this annual report for the year, 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.

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, Cell 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.

Heads of Agreement

On 17 March 2014, the Company entered into a Heads of Agreement ("**HOA**") with the Vendors, Noble Rate Limited ("**NRL**"), Tang Dashun ("**TD**") and Beijing Properties (Holdings) Limited ("**BPH**"), to acquire 100% of all the rights and title to the Haikou Free Trade Zone project and the Roxy Casino in Bavet, Cambodia ("**Projects**").

The HOA is subject to a number of conditions as follows:

i) The Company and the Vendors conducting and being satisfied with due diligence;
ii) Regulatory approvals and final documentation;
iii) Assignment or novation of all relevant business contracts and intellectual property rights;
iv) The Company being satisfied with a Valuation of the Projects which is to be prepared by an independent valuer; and
v) The Company and the Vendors unanimously agreeing to execute the Share Sale Agreement.

Share Sale Agreements

On 10 June 2014, the Company executed the formal Share Sale Agreements ("**SSA**") with the Vendors.

Key terms of the SSA include the following:

- The Company will issue a total of 553,333,333 fully paid ordinary shares at an issue price of $0.15 per share; The distribution to each Vendor is as below:
    - 55,333,333 fully paid ordinary shares to NRL;
    - 332,000,000 fully paid ordinary shares to TD; and
    - 166,000,000 fully paid ordinary shares to BPH.
- The Company and the Vendors conducting and being satisfied with due diligence;
- The Company and the Vendors must obtain all shareholder approval to enable the transaction to complete; and
- Conditional listing approval being received from ASX after re-compliance with Chapters 1 & 2 of the ASX Listing Rules.

The Company is also entitled to nominate the Board of Directors and Officers of Haikou Peace Base Industry Development Co. Ltd and Radiant Pearl Investments Limited two days prior to the completion of the transaction to replace the current Board of Directors and Officers of the companies.

The Haikou Free Trade Zone Project
Haikou Peace Base Industry Development Co. Ltd ("**HPB**") is the legal and beneficial owner of the Haikou Free Trade Zone Project ("**Haikou Project**"). HPB is owned by entities legally and beneficially owned by the Vendors.

The Haikou Project is located in the Haikou Integrated Free Trade Zone, within the Laocheng Economic Development Zone, Haikou Master Planning and is adjacent to Macun Port. The Haikou Integrated Free Trade Zone is located 15km from the Haikou Railway South Freight Station, 42km from Meilan International Airport and 30km from downtown Haikou, Hainan Island, China.

The Haikou Project is the first and only shopping centre constructed in a free trade zone in China. It is contained on a 44,020m^2 property. The Haikou Project will contain the following buildings:

1. One commercial and administrative centre with a total built up area of approximately 6,080m^2;
2. Three factory buildings of various sizes with a total built up area of approximately 17,887m^2;
3. Four bonded warehouses of various sizes with a total built up area of approximately 41,115m^2; and
4. One exhibition centre with a total built up area of approximately 22,083m^2.

All buildings are still currently undergoing construction.

The Roxy Casino
Radiant Pearl Investments Limited ("**RPL**") is the legal and beneficial owner of the Roxy Casino. RPL is owned by entities legally and beneficially owned by the Vendors.

The Casino has a total land area of approximately 1,913m^2 and a total built up area of approximately 2,700m^2. It is located on National Highway 1 in Bavet City, Svay Rieng Province and is approximately 200m from the International Border Gate from Cambodia to South Vietnam. Bavet City is in close proximity to five Special Economic Zones which attract travellers crossing the International Border Gate and other tourists.

The Casino's Grand Opening was held on 14th August 2014.

The Casino's gaming activities operate 24 hours a day and include:

- A main gaming hall which include fifteen gaming tables and nine online gaming tables. These tables offer Baccarat, Two-Card Poker, Three-Card Poker and Four-Card Poker;
- A premium gaming area which has five gaming tables offering high stake games such as Baccarat;
- Fourteen Slot machines linked with jackpots;
- Two 8-player Electronic Roulette machines; and
- A sports betting area for watching and placing bets on international Soccer Leagues.

The Casino also includes twenty newly renovated rooms of 4 star international standard and a 24 hour restaurant that seats up to 50 people.

Director Changes
On 4 November 2013, Capt. Suresh Abishegam resigned as Director of the Company.
On 12 February 2014, Mr Perry Leach resigned as Director of the Company.

Events Subsequent to Reporting Date
There were no events subsequent to 30 June 2014.

Likely Developments and Expected Results of Operations
The Company intends to continue its due diligence investigations into the Projects. The Company may be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules to complete the transaction.

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.

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 2014, and the numbers of meetings attended by each Director were:

	Directors Meetings	
	A	B
P D Price	4	4
K C Ong	4	4
Soo Tuck Yoon	4	3
S E Abishegam[1]	3	1
PJ Leach[2]	3	1

1 On 4 November 2013, Capt. Suresh Abishegam resigned as Director of the Company.
2 On 12 February 2014, Mr Perry Leach resigned as Director of the Company.

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 seventeen (17) circular resolutions during the year ended 30 June 2014 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 D Price	6,675,000	-
K C Ong	2,975,000	-
Soo Tuck Yoon	2,000,000	-

Remuneration Report (Audited)

Remuneration Philosophy
The performance of the Company depends on the quality of its Directors and other Key Management Personnel and therefore the Company must attract, motivate and retain appropriately qualified industry personnel. The Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre Directors and other Key Management Personnel;
- link executive rewards to shareholder value (by the granting of share options);
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Remuneration Governance
Due to its size, the Company does not have a remuneration committee. The Board has not used remuneration consultants in determining the remuneration of Key Management Personnel. The compensation of Directors is reviewed by the Board annually. The compensation of other Key Management Personnel is also reviewed by the Board annually.

The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and other Key Management Personnel. External advice on remuneration matters is sought whenever the Board deems it necessary but has not been sought during the reporting period.

The remuneration of the Directors and other Key Management Personnel is not dependent on the satisfaction of a performance condition other than set out in this report.

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

	30 June 2010 **$**	**30 June 2011** **$**	**30 June 2012** **$**	**30 June 2013** **$**	**30 June 2014** **$**
Revenue	538,717	535,127	499,001	1,889,150	50,814
Net loss	(1,022,654)	(2,194,051)	(3,499,875)	(264,452)	(601,908)
Share price	14.5 cents	8 cents	2 cents	1 cent *	10.5 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 Director Remuneration
The Board seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Group's development.

The Directors have resolved that Non-Executive Directors' fees are $36,000 per annum for each Non-Executive Director and $60,000 per annum for the Non-Executive Chairman. Following reinstatement, Directors fees commenced from 1 August 2013.

In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

Executive Remuneration
There were no executive employees during the year.

Remuneration Report (Audited)

(A) Summary of amounts paid to Key Management Personnel

The table below discloses the compensation of the Key Management Personnel of the Company during the year.

Year ended 30 June 2014	Short-Term		Post employment		Share-Based Payments		Total	Remuneration consisting of options %
	Salary & Fees	*Consulting*	*Termination payments*	*Super-annuation*	*Options*	*Shares*		
Directors								
PD Price[1]	55,000	-	-	-	-	-	**55,000**	-
KC Ong[2]	33,000	-	-	-	-	-	**33,000**	-
ST Yoon[3]	33,000	-	-	-	-	-	**33,000**	-
PJ Leach[4]	18,000	-	-	-	-	-	**18,000**	-
SE Abishegam[5]	3,000	-	-	-	-	-	**3,000**	-
	142,000	-	-	-	-	-	**142,000**	-

[1] As at 30 June 2014, $50,000 (excl GST) was paid to Price Sierakowski Pty Ltd. Paul is a Director and Shareholder of Price Sierakowski. As at 30 June 2014, $5,000 (excl GST) was payable to Price Sierakowski.

[2] As at 30 June 2014, $30,000 (excl GST) was paid to KC Ong & Associates. KC is a Director of KC Ong & Associates. As at 30 June 2014, $3,000 (excl GST) was payable to KC Ong & Associates.

[3] As at 30 June 2014, $27,000 (No GST) was paid to Soo Tuck Yoon. As at 30 June 2014, $6,000 (excl GST) was payable to Soo Tuck Yoon.

[4] As at 30 June 2014, $18,000 (excl GST) was paid to Jarq Holdings Pty Ltd. Perry is a Director and Shareholder of Jarq Holdings Pty Ltd. Perry resigned on 12 February 2014.

[5] As at 30 June 2014, $3,000 (No GST) was paid to Suresh. Suresh resigned on 4 November 2013.

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**	-

(B) Service agreements

There are no service agreements in place in relation for the directors.

Remuneration Report (Audited)

(C) Options holdings of key management personnel

During the year ended 30 June 2014 and to the date of this report, there are no options on issue and therefore no options held by Key Management Personnel.

(D) Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares of Cell Aquaculture Ltd held, directly, indirectly or beneficially, by each key management personnel, including their related parties is as follows:

30 June 2014	**Balance 1 July 2013**	**Balance held at resignation**	**Allotted**	**Net Purchased/ (Sold)**	**Balance 30 June 2014**
Directors					
P D Price	-	-	6,775,000	(100,000)	6,675,000
P J Leach[1]	1,600,750	1,600,750	-	-	-
S E Abishegam[2]	129,381	129,381	-	-	-
K C Ong	-	-	2,975,000	-	2,975,000
S T Yoon	-	-	2,000,000	-	2,000,000
	1,730,131	1,730,131	11,750,000	(100,000)	11,650,000

1 On 4 November 2013, Capt. Suresh Abishegam resigned as Director of the Company and ceased to be a member of key management personnel.
2 On 12 February 2014, Mr Perry Leach resigned as Director of the Company and ceased to be a member 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[3]	1,125,490	-	(1,125,490)	-	-	
	18,426,807	(15,571,186)	(1,125,490)	-	-	1,730,131

3 N J Patterson resigned in the prior year and at the date of resignation ceased to be a member of key management personnel.

(E) Loans to or from key management personnel

There were no loans to or from key management personnel during the year or as at 30 June 2014.

(F) Other transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Legal Fees:

As at 30 June 2014, $257,346 (incl GST) was paid to Price Sierakowski Pty Ltd ("Price Sierakowski") for legal services. Paul Price is a Director and Shareholder of Price Sierakowski. As at 30 June 2014, $7,508 (incl GST) was payable to Price Sierakowski.

Remuneration Report (Audited)

(F) Other transactions with key management personnel (continued)

Corporate Advisory Fees:
As at 30 June 2014, $165,000 (incl GST) was paid to Trident Capital Pty Ltd ("Trident Capital") for corporate advisory services. Paul Price is a Director and Shareholder of Trident Capital. As at 30 June 2014, $10,000 (excl GST) was payable to Trident Capital.

Rental Fees:
As at 30 June 2014, $19,800 (incl GST) was paid to Trident Capital for office rental services. As at 30 June 2014, $nil was payable to Trident Capital.

Capital Raising Fees:
As at 30 June 2014, $198,000 (incl GST) was paid to Trident Capital for capital raising services. As at 30 June 2014, $nil was payable to Trident Capital.

Reimbursement:
As at 30 June 2014, $8,511 (incl GST) was paid to KC Ong & Associates for reimbursements. KC Ong is a Director of KC Ong & Associates. As at 30 June 2014, $2,825 (incl GST) was payable to KC Ong & Associates.

As at 30 June 2014, $9,665 (incl GST) was paid to Trident Management Services Pty Ltd ("Trident Management Services") for reimbursements. KC Ong is a Director and Shareholder of Trident Management Services. Trident Capital is also a Shareholder of Trident Management Services. As at 30 June 2014, $nil was payable to Trident Management Services.

Accounting Fees:
As at 30 June 2014, $40,664 (incl GST) was paid to Trident Management Services for accounting services. As at 30 June 2014, $1,441 (excl GST) was payable to Trident Management Services.

Company Secretarial Fees:
As at 30 June 2014, $39,600 (incl GST) was paid to Trident Management Services for company secretarial services. As at 30 June 2014, $4,000 (excl GST) was payable to Trident Management Services.

(G) Share-based compensation

The Company has not issued any performance bonus options during the financial year ended 30 June 2014.

No shares have been issued to Directors as a result of the exercise of any options in the current financial year (2013: Nil).

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

(H) Use of remuneration consultants

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

(I) Voting and comments made at the Company's 2013 Annual General Meeting

The Company received more than 99% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration reports for the 2012 and 2013 financial years. 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 14 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 14 to the financial statements.

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

Paul Price
Chairman

Dated at Perth this 26th day of September, 2014.

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of Cell Aquaculture Ltd for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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, 26 September 2014

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Cell Aquaculture Ltd

Report on the Financial Report

We have audited the accompanying financial report of Cell Aquaculture Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, 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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

As noted in Note 5 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 year ended 30 June 2014. 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 30 June 2014 and the statement of profit or loss and other comprehensive income, statement of cash flows and the statement of changes in equity and associated notes for the year ended 30 June 2014.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial report of Cell Aquaculture Ltd is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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 Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 26 September 2014

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2014

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 2014 and of the performance for the year ended on that date of the Group.

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 2014.

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:

Paul Price
Chairman

Dated at Perth this 26th day of September, 2014.

Cell Aquaculture Ltd
ABN 86 091 687 740

CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		$	$
Revenue from continuing operations	**6(a)**	50,814	1,889,150
Foreign currency gain		-	17,073
Raw materials and consumables used	**6(b)**	-	(1,642,578)
Legal expenses		(114,212)	(93,811)
Marketing expenses		-	(40,875)
Consultancy expenses		(142,000)	(403,298)
Employee benefits expense		(4,466)	(15,134)
Insurance expenses		(5,815)	-
Occupancy costs		(18,000)	(37,079)
Professional costs		(202,478)	(167,847)
Travel costs		(65,997)	(13,629)
Finance costs	**6(b)**	-	(50,061)
Other expenses		(75,718)	(180,435)
Administration expenses		(8,234)	(124,908)
Due diligence expense		(125,840)	-
Provision for impairment of receivable		-	40,565
Provision for impairment of inventories		-	(527,311)
Gain on Deed of Company Arrangement		-	1,085,726
Loss from continuing operations before Income Tax Benefit		**(711,948)**	**(264,452)**
Income tax benefit	**7**	-	-
Loss after income tax for the year		**(711,948)**	**(264,452)**
Net gain on disposal and deconsolidation of subsidiaries	**5**	110,039	-
Loss after income tax for the year		**(601,909)**	**(264,452)**
Other comprehensive gain			
Items that may be reclassified to the profit or loss			
Exchange differences on foreign currency translation		50,313	36,103
Total comprehensive loss for the year		**(551,596)**	**(228,349)**
Loss is attributable to:			
Owners of Cell Aquaculture Ltd		(601,909)	(238,918)
Non-controlling interests		-	(25,534)
		(601,909)	**(264,452)**
Total comprehensive loss for the year is attributable to:			
Owners of Cell Aquaculture Ltd		(601,909)	(202,815)
Non-controlling interests		-	(25,534)
		(601,909)	**(228,349)**
Loss per share attributable to the members of Cell Aquaculture Ltd		**Cents Per Share**	**Cents Per Share**
Basic and diluted loss per share	**19**	**(0.25)**	**(1.13)**

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 2014

	Note	2014	2013
		$	**$**
CURRENT ASSETS			
Cash and cash equivalents	**8(a)**	1,127,403	394,443
Trade and other receivables	**9**	112,413	239,010
TOTAL CURRENT ASSETS		**1,239,816**	**633,453**
TOTAL ASSETS		**1,239,816**	**633,453**
CURRENT LIABILITIES			
Trade and other payables	**10**	141,986	2,210,709
TOTAL CURRENT LIABILITIES		**141,986**	**2,210,709**
TOTAL LIABILITIES		**141,986**	**2,210,709**
NET ASSETS / (DEFICIENCY OF ASSETS)		**1,097,830**	**(1,577,256)**
EQUITY			
Contributed equity	**11**	2,855,431	86,416
Accumulated losses	**12(b)**	(1,757,601)	(1,155,692)
Reserves	**12(b)**	**-**	(50,313)
Capital and reserves attributable to owners of Cell Aquaculture Ltd		1,097,830	(1,119,589)
Non-controlling interests		**-**	(457,667)
TOTAL EQUITY		**1,097,830**	**(1,577,256)**

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 TO EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Contributed equity	Accumulated losses	Foreign Currency Translation Reserve	Total	Non-controlling Interest	Total
Balance at 1.7.2013	**86,416**	**(1,155,692)**	**(50,313)**	**(1,119,589)**	**(457,667)**	**(1,577,256)**
Loss for the year	-	(601,909)	-	(601,909)	-	(601,909)
Realisation of forex reserve	-	-	50,313	50,313	-	50,313
Elimination of non-controlling interest on deconsolidation	-	-	-	-	457,667	457,667
Total comprehensive income/ loss for the period	**-**	**(601,909)**	**50,313**	**(551,596)**	**457,667**	**(93,929)**
Transactions with owners in their capacity as owners:						
Issue of Shares	2,769,015	-	-	2,769,015	-	2,769,015
Balance at 30.06.2014	**2,855,431**	**(1,757,601)**	**-**	**1,097,830**	**-**	**1,097,830**

	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)**

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 2014

	Note	2014	2013
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		272,661	1,888,368
Interest received		45,530	782
Payments to suppliers and employees		(1,665,616)	(1,721,178)
Finance costs		(455)	(61)
Net cash (outflow)/inflow from operating activities	**18**	**(1,347,880)**	**167,911**
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		**(51,980)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues (net of share issue costs)		2,789,745	180,000
Payment made under DOCA		(570,000)	-
Capital raising costs		(80,301)	-
Net cash inflow from financing activities		**2,139,444**	**180,000**
Net increase in cash and cash equivalents		**739,584**	**347,911**
Cash and cash equivalents at the beginning of the financial year		394,443	29,674
Cash disposed of under DOCA		-	(215)
Effects of exchange rate changes on cash and cash equivalents		(6,624)	17,073
Cash and cash equivalents at end of year	**8(a)**	**1,127,403**	**394,443**

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 Ltd 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

This 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 and amended standards adopted by the Group

The Group has adopted new standards and amendments that are mandatory for the financial year beginning 1 July 2013 are disclosed below. None of these standards have an effect on the financial position or performance of the Group.

AASB 10 Consolidated Financial Statements

This standard introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:

- Power over investee (whether or not power used in practice);
- Exposure, or rights, to variable returns from investee;
- Ability to use power over investee to affect the Entity's returns from investee; and
- Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.

AASB 13 Fair Value Measurement

This standard establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements.

Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments

AASB 119 Employee Benefits

In Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.

Note 1: Summary of significant accounting policies (continued)

(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 Ltd ("**Company**" or "**Parent Entity**") and its subsidiaries as defined in *AASB 10: Consolidated 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 Ltd.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively. Total comprehensive income is attributable to the owners of Cell Aquaculture Ltd 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 Ltd.

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 2013 results have been calculated to 30 June 2014 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.

Note 1: Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Associates(continued)

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.

Note 1: Summary of significant accounting policies (continued)

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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) 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 Ltd and its Australian controlled entity have implemented the tax consolidation legislation.

(g) 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.

Note 1: Summary of significant accounting policies (continued)

(g) Goods and Services tax (continued)

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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

Note 1: Summary of significant accounting policies (continued)

(l) 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.

(m) 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%

(n) 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.

Note 1: Summary of significant accounting policies (continued)

(n) Impairment of assets (continued)

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.

(o) 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.

(p) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(q) 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.

(r) 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.

Note 1: Summary of significant accounting policies (continued)

(s) 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.

(t) 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.

(u) Going Concern

As disclosed in this report, the Group recorded a loss of $551,596 and net cash outflow from operating activities of $1,347,880 for the year ended 30 June 2014. The Group had net assets of $1,097,830 as at 30 June 2014. Following the successful completion of a $3 million capital raising in September 2013, followed by the successful reinstatement of the Company’s securities on the Australian Securities Exchange, 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.

Note 1: Summary of significant accounting policies (continued)

(v) 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.

(w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments:

This standard amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income.

AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The Group has not yet made an assessment of the impact of these amendments.

(ii) IFRS 15 Revenue from Contracts with Customers:

An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard.

(iii) AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosure:

This standard defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.

As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.

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 2015.

Note 1: Summary of significant accounting policies (continued)

(w) New accounting standards and interpretations (continued)

(iv) AASB 2014-1 A Amendments to Australian Accounting Standards(Operative dates: Parts A-C – 1 Jul 2014; Part D – 1 Jan 2016; Part E – 1 Jan 2015):

This amendment is non-urgent but are necessary changes to standards arising from Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only. However, as the group currently engages the services of a management entity, additional disclosures will be required when this amendment is adopted for the first time for the year ended 30 June 2015.

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:

	2014	2013
Financial assets	**$**	**$**
Cash and cash equivalents	1,127,403	394,443
Trade and other receivables	112,413	239,010
	1,239,816	**633,453**
Financial liabilities		
Trade and other payables	141,986	2,210,709
	141,986	**2,210,709**

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*

The Company was not exposed to foreign currency risk at reporting date.

(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.

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

	30 June 2014		30 June 2013	
	Effective interest rate	**Balance $**	**Effective interest rate**	**Balance $**
Cash and cash equivalents	2.35%	1,127,403	1.33%	394,443
Net exposure to interest rate risk		1,127,403		394,443

Sensitivity

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

Note 2: Financial risk management (continued)

(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.

There are no formal credit approval processes and risk management in place.

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:

	2014 $	2013 $
Cash and cash equivalents		
AA S&P rating	1,127,403	394,443

(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 that the Group had at reporting date were trade payables incurred in the normal course of the business. 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 2014	<1 year $	1 - 5 Years $	Over 5 Years $	Total contractual cash flows $
Financial Liabilities:				
Trade payables and advance deposits	141,986	-	-	141,986
	141,986	**-**	**-**	**141,986**

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
	2,210,709	**-**	**-**	**2,210,709**

(d) Fair value measurements

(i) Cash and cash equivalents

The carrying amount is fair value due to the liquid nature of these assets.

Note 2: Financial risk management (continued)

(d) Fair value measurements (continued)

(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.

(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.

Note 3: Segment information

The Company has identified its operating segments based on the annual report that are to be audited and used by the board of directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary statements forming the annual report for the year ended 30 June 2014.

Note 4: Investments

	30 June 2014 $	30 June 2013 $
Investments		
Investment in subsidiary companies	17,000	-
Provision for diminution of investments	(17,000)	-
Investments	-	-

Note 5: Discontinued operations

The consolidated financial statements include the financial statements of Cell Aquaculture Ltd:

Name	*Country of Incorporation*	*% Equity Interest 2014*	*% Equity Interest 2013*	*Investment 2014*	*Investment 2013*
Cell Aqua Foods Pty Ltd	Australia	0%	100%	-	-
Cell Aqua Malaysia Sdh 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 Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

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

Name	*Date of Disposal*	
Cell Aqua Foods Pty Ltd	19 November 2013	Loss of control upon appointment of liquidator.
Cell Aqua Malaysia Sdh Bhd	4 November 2013	Loss of control. Refer below.
Cell Aquaculture (Thailand) Ltd	7 November 2013	Sale of interest in company.
Cell Aquaculture (Holdings) Ltd	7 November 2013	Sale of interest in company.

* Following the resignation of Capt. Suresh Abishegam as a Director of Cell Aquaculture Ltd 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 30 June 2014 the investment has been fully impaired.

Note 5: Discontinued operations (continued)

Gain on disposal of subsidiaries

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.

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.

	30 June 2014 $	30 June 2013 $
Write-off of loans to subsidiaries and realisation of non-controlling interests on deconsolidation	(3,393,920)	-
Gain on disposal and deconsolidation of subsidiary companies – Refer below	3,907,958	-
Operating loss of discontinued operations	(403,999)	-
	110,039	-

The gain on disposal is broken down by entity below:

	30 June 2014 $	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	2,757	-
	3,907,958	-

*As a result of matters disclosed above 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 and other comprehensive income for Cell Aqua Malaysia Sdn Bhd for the gain on disposal of subsidiary is $1,585,340 and for loss from discontinued operations is $403,999. The net effect of the gain on deconsolidation on 4 November 2013 is $1,181,341.

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 to the statement of cash flows)	**(51,980)**

Note 5: Discontinued operations (continued)

Financial performance and cash flow information

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

	$
Financial performance from discontinued operation	
Revenue	19,522
Expenses	(423,521)
Gross loss	**(403,999)**
Loss before tax from discontinued operations	(403,999)
Income tax benefit	-
Loss for the year from discontinued operations	**(403,999)**
Cash flows from discontinued operations	
Net cash flows from operating activities	(154,079)
Net cash flows from investing activities	-
Net cash flows from financing activities	-
	(154,079)

Note 6: Revenue and Expenses

	2013 $	2013 $
(a) Revenue from continuing operations		
- Sale of produce and goods	-	147,860
- Construction progress payments	-	1,740,508
- Interest received	50,814	782
Total revenue	50,814	1,889,150
(b) Expenses		
Cost of Sales	-	1,642,578
Finance costs		
Interest paid – Other	-	50,061
Total Finance Costs	-	50,061

Note 7: Income Tax

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

	2014	2013
	$	$
Loss from continuing operations before Income Tax	(197,910)	(264,452)
Loss from discontinued operations before Income Tax	(403,999)	-
	(601,909)	(264,452)
Income tax benefit at 30%	(180,573)	(79,336)
Permanent Differences:		
Non-deductible expenses – Other	507,248	(297,513)
Loss on debt forgiveness	383,646	-
Provisions for impairment – receivables	-	(12,169)
Provision for impairment – WIP	-	158,193
Adjustment to non controlling interest non-deductible	139,152	-
Costs from foreign discontinued operations non-deductible	184,391	-
Loss on deconsolidation	(1,172,387)	-
	(138,523)	(230,825)
Movements in unrecognised temporary differences	9,000	(10,709)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	129,523	241,534
Income tax benefit	-	-

The franking account balance at year end was $nil (2013: $nil).

Unrecognised temporary differences:

	2014	2013
	$	$
Deferred Tax Assets (at 30%)		
On income tax account		
Carry forward tax losses	129,523	2,218,394
Capital losses	-	937,331
Other	9,000	56,839
Net deferred tax assets	138,523	3,212,564

The taxation benefits of tax losses and timing not brought to account will only be obtained if:

(a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;

(b) conditions for deductibility imposed by the law are complied with; and

(c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Note 8: 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:

	2014 $	2013 $
Current Assets		
Cash at bank and in hand	1,127,403	394,443
Net Cash	1,127,403	394,443

(b) Interest Rate Risk Exposure

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

Note 9: Current assets: Trade and other receivables

	2014 $	2013 $
Current		
Trade receivables	-	31,467
Other receivables	112,413	262,516
Provision for impairment of receivables	-	(54,973)
	112,413	239,010

(a) 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.

The following table details the Group's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

Financial Assets	**Effective interest rate**	**Less than 1 year**	**1-5 years**	**5+ years**
2014	**%**	**$**	**$**	**$**
Non-interest bearing	-	112,413	-	-
Variable interest rate instruments	2.35	1,127,403	-	-
		1,239,816	-	-
2013				
Non-interest bearing	-	239,010	-	-
Variable interest rate instruments	2.60	394,443		
		633,453	-	-

Note 10: Current liabilities - Trade and other payables

	2014 $	2013 $
Trade payables (i)	36,612	1,245,457
Advance deposits	-	180,000
Accrued expenses	105,374	139,663
Other payables (ii)	-	570,000
Provisions	-	75,589
	141,986	2,210,709

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. Their carrying value approximates their fair value.
(ii) Other payables consisted of the amount owing to the Deed Administrators under the effectuated deed of company arrangement.

(a) Fair value and credit risk

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Financial Liabilities	**Effective interest rate**	**Less than 1 year**	**1-5 years**	**5+ years**
2014	**%**	**$**	**$**	**$**
Non-interest bearing	-	141,986	-	-
Variable interest rate instruments	2.35	-	-	-
Fixed interest rate instruments	-	-	-	-
		141,986	-	-
2013				
Non-interest bearing	-	2,210,709	-	-
Variable interest rate instruments	2.60	-	-	-
Fixed interest rate instruments	-	-	-	-
		2,210,709	-	-

Note 11: Contributed equity

	2014 $	2013 $
(a) Ordinary shares*	2,855,431	86,416
Total 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 [3]	100,000,000	500,000
Issue of shares under public offer [4]	250,000,000	2,500,000
Costs of issue	-	(230,985)
Closing balance as at 30 June 2014	**374,115,356**	**2,855,431**
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**

[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] On 7 August 2013, pursuant to the resolution approved at the shareholders meeting on 18 June 2013, the Company issued 100,000,000 shares at $0.005 per share.

[4] On 28 August 2013, pursuant to the resolution approved at the shareholders meeting on 18 June 2013, the Company issued 250,000,000 shares at $0.01 per share.

(c) Share Options
There are no unissued ordinary shares of Cell Aquaculture Ltd under option as at 30 June 2014.

Note 12: Reserves and accumulated losses

	2014 $	2013 $
(a) Reserves		
Foreign Currency Translation Reserve (Note 12)	-	(50,313)
Share Based Payment Reserve (Note 12)	-	-
	-	(50,313)
(i) Movements - Foreign Currency Translation Reserve		
Opening balance	(50,313)	(86,416)
Currency translation differences arising during the year	50,313	36,103
	-	(50,313)

	2014 $	2013 $
(ii) Movements – Share Based Payment Reserve		
Opening balance	-	820,715
Reserve written off as part of reduction of reduction of capital	-	(820,715)
Closing balance	-	-

(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.

	2014 $	2013 $
(b) Accumulated Losses		
Balance as at 1 July	(1,155,692)	(20,789,514)
Reduction of capital	-	19,872,740
Net loss for the year	(601,909)	(238,918)
Balance as at 30 June	(1,757,601)	(1,155,692)

Note 13: Related parties

(a) Compensation of Key Management Personnel

	2014 $	2013 $
Short-term employee benefits	142,000	25,940
	142,000	25,940

Note 13: Related parties (continued)

(a) Other transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Legal Fees:
As at 30 June 2014, $257,346 (incl GST) was paid to Price Sierakowski Pty Ltd ("Price Sierakowski") for legal services. Paul Price is a Director and Shareholder of Price Sierakowski. As at 30 June 2014, $7,508 (incl GST) was payable to Price Sierakowski.

Corporate Advisory Fees:
As at 30 June 2014, $165,000 (incl GST) was paid to Trident Capital Pty Ltd ("Trident Capital") for corporate advisory services. Paul Price is a Director and Shareholder of Trident Capital. As at 30 June 2014, $10,000 (excl GST) was payable to Trident Capital.

Rental Fees:
As at 30 June 2014, $19,800 (incl GST) was paid to Trident Capital for office rental services. As at 30 June 2014, $nil was payable to Trident Capital.

Capital Raising Fees:
As at 30 June 2014, $198,000 (incl GST) was paid to Trident Capital for capital raising services. As at 30 June 2014, $nil was payable to Trident Capital.

Reimbursement:
As at 30 June 2014, $8,511 (incl GST) was paid to KC Ong & Associates for reimbursements. KC Ong is a Director of KC Ong & Associates. As at 30 June 2014, $2,825 (incl GST) was payable to KC Ong & Associates.

As at 30 June 2014, $9,665 (incl GST) was paid to Trident Management Services Pty Ltd ("Trident Management Services") for reimbursements. KC Ong is a Director and Shareholder of Trident Management Services. Trident Capital is also a Shareholder of Trident Management Services. As at 30 June 2014, $nil was payable to Trident Management Services.

Accounting Fees:
As at 30 June 2014, $40,664 (incl GST) was paid to Trident Management Services for accounting services. As at 30 June 2014, $1,441 (excl GST) was payable to Trident Management Services.

Company Secretarial Fees:
As at 30 June 2014, $39,600 (incl GST) was paid to Trident Management Services for company secretarial services. As at 30 June 2014, $4,000 (excl GST) was payable to Trident Management Services.

Note 14: Remuneration of auditors

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

	2014 $	2013 $
Audit and other assurance services		
Amounts paid or payable to the auditor for:		
- auditing and reviewing the financial statements	20,210	21,532
- other assurance services	13,079	8,160
Total remuneration for audit and other assurance services	33,289	29,692

Note 15: 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 16: Commitments

Operating lease commitments	2014 $	2013 $
Not later than 1 year	6,000	8,579
Later than 1 year and not later than 2 years	-	-
Later than 2 year and not later than 5 years	-	-
	6,000	8,579

Note 17: Events occurring after the reporting date

There were no events subsequent to 30 June 2014.

Note 18: Reconciliation of loss after income tax to net cash flow from operating activities

	2014 $	2013 $
Operating loss after income tax	(601,909)	(264,452)
Gain on disposal and deconsolidation of subsidiaries	566,018	-
Gain on Deed of Company Arrangement	-	(1,085,726)
Foreign currency movements	-	19,030
Other	-	6,175
(Increase)/decrease in assets		
- Prepayments	-	(46,485)
- Trade and other receivables	126,597	(192,525)
Increase/(decrease) in liabilities		
- Current trade creditors and payables	(1,438,586)	1,731,894
- Borrowings	-	-
Net cash used in/generated from operating activities	1,347,880	167,911

Note 19: Loss per share

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

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

	2014	2013
	$	$
Loss attributable to ordinary equity holders	(601,908)	(238,918)
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	324,115,356	21,115,356
	Cents/share	**Cents/share**
Basic and diluted loss per share	(0.19)	(1.13)

***** 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 20: Dividends

No dividends have been declared or paid during the year.

Note 21: Parent entity information

The following detailed information is related to the parent entity, Cell Aquaculture Ltd, as at 30 June 2014. The information presented here has been prepared using consistent accounting policies as discussed in Note 1.

	2014	2013
	$	$
Current assets	1,239,816	227,245
Non-current assets	-	-
Total assets	**1,239,816**	**227,245**
Current liabilities	141,986	1,186,698
Non-current liabilities	-	-
Total liabilities	**141,986**	**1,186,698**
Contributed equity	2,855,431	86,416
Accumulated losses	(1,757,601)	(1,045,869)
Reserves	-	-
Total equity	**1,097,830**	**(959,453)**
Loss for the year	(601,908)	(284,420)
Other comprehensive income for the year	50,313	-
Total comprehensive loss for the year	**(551,595)**	**(284,420)**

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings as at 9 September 2014

Substantial shareholders

Name	Number of ordinary shares held	Percentage of capital held
CITICORP NOMINEES PTY LIMITED	112,940,554	30.19
J P MORGAN NOMINEES AUSTRALIA LIMITED	49,226,160	13.16
MR HUAN WEI XIAO	22,500,000	6.01
MR ANDREW CHAN	20,000,000	5.35
TOTAL	**204,666,714**	**54.71**

Distribution of security holders

Category	Number of Holders
1 – 1,000	261
1,001 – 5,000	242
5,001 – 10,000	83
10,001 – 100,000	142
100,001 and over	97
	825

Unmarketable parcels

The number of shareholders holding less than a marketable parcel is 503.
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 no securities that are subject to escrow.

SHAREHOLDER INFORMATION

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
CITICORP NOMINEES PTY LIMITED	112,940,554	30.19
J P MORGAN NOMINEES AUSTRALIA LIMITED	49,226,160	13.16
MR HUAN WEI XIAO	22,500,000	6.01
MR ANDREW CHAN	20,000,000	5.35
MS YING WA CHAN	12,000,000	3.21
HONG KONG E&C INVESTMENT AND CONSULTANTS LIMITED	10,000,000	2.67
MS KRISTINA LIU	10,000,000	2.67
RZ CAPITAL PTE LTD	10,000,000	2.67
MS YING WA CHAN	10,000,000	2.67
KEONG MING TEE	8,600,000	2.3
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	7,274,780	1.94
MR YUEN SUEN SHERMAN LAM	5,800,000	1.55
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	5,700,000	1.52
MR YA FEI MA	5,000,000	1.34
MR DASHUN TANG	5,000,000	1.34
XIAO PENG REN	4,265,000	1.14
MS JIN PENG	4,000,000	1.07
TRIDENT CAPITAL PTY LTD	3,300,000	0.88
STRAITS CONSULTANCY PTE LTD	3,000,000	0.8
MS ELLEN CHING YING YEUNG	3,000,000	0.8
TOTAL	**311,606,494**	**83.29**

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. All these practices, unless otherwise stated, were in place for the entire year.

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 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
KC 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