



Interim Financial Report

Half Year Ended 31 December 2015
Marine Produce Australia Limited

ABN 70 091 805 480

CONTENTS

DIRECTORS' REPORT	3
LEAD AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	15
AUDITOR'S INDEPENDENT REVIEW REPORT	16

DIRECTORS' REPORT

For the half year ended 31 December 2015

The directors present their report together with the condensed consolidated interim financial report of Marine Produce Australia Limited (the Group or MPA) for the half year ended 31 December 2015 and the auditor's review report thereon.

1 Directors

The directors of the Company at any time during or since the end of the half year are:

Mr Miles Kennedy <i>Chairman</i>	Appointed 11 June 2008
Dr Desiree Allen <i>Managing Director</i>	Appointed 5 December 2012
Mr Damien Kelly <i>Non-Executive Director</i>	Appointed 18 August 2014

2 Principal activities

The Group's objective is to become a sustainable low cost producer of premium quality white fleshed fish for the domestic and international market.

3 Operating and financial review

(i) OPERATING REVIEW

- Application submitted to the WA Department of Fisheries for variation to our existing aquaculture licence: requesting an additional 800 hectares (equivalent to 8,000 tonnes per annum) of aquaculture lease area adjacent to current lease area (currently 699 hectares or 6,990 tpa)
- Significant increase in on-farm fish biomass
- Self-imposed reduced harvest rates for the first half of year to increase fish harvest size and support subsequent increase in harvest volumes.
- Biennial repairs and maintenance on vessel 'Innovator' completed in Darwin
- Reduced sales and marketing expenses due to aforementioned, harvest reductions.
- Increased feed costs due to significant increases in fish biomass.
- 6 additional sea cages and nets purchased
- The three new purpose built boats fully integrated into farm operations
- Purchased an additional second-hand feed boat
- Cyclone and OHS policies reviewed and updated
- Continued successful transport of fingerlings from Perth to Derby with road haulage provider
- Commercial dive training completed by select MPA farm staff
- Staff training and ticketing through Kimberley Training Institute in Broome (including Coxswains ticketing)
- Continued trialling of sea cage net material and construction
- Additional anchoring systems installed for new cages
- Winter diet feed trial completed

(ii) REVIEW OF FINANCIAL RESULTS

Results from Operating Activities and Loss for the Period

The Group's result from operating activities (including finance costs, but excluding impairment and depreciation) for the reporting period was a profit of \$130,144 (2014: Loss of \$1,117,424). The loss for the

period was \$6,296 (2014: Loss of \$1,724,489) before tax. There were no deductions for impairment of property, plant and equipment (2014: \$532,682). Depreciation and amortisation was \$136,440 (2014: \$74,383).

The Group did not calculate its entitlement to or recognise any research and development tax incentive income for the period, but (consistent with past practice) intends to consider such matters in respect of its annual financial report for the year to June 2016.

The results from operating activities (excluding impairment and depreciation) included:

	6 months ended Dec 2015 \$	6 months ended Dec 2014 \$
Profit from farming operations (excluding impairment and depreciation)	937,974	174,670
Administration and marketing expenses	(841,557)	(1,266,736)
Other income	75,853	4,574
Other expense	(42,126)	(29,932)
Results from operating activities excluding impairment and depreciation	130,145	(1,117,424)
Impairment and depreciation	(136,440)	(607,065)
Loss before tax	(6,295)	(1,724,489)

Revenue from sales

Revenue from the sale of fish was \$2,549,446 for the period from the sale of 224,374kg. Total 206,809kg of fish was harvested for the period. Harvest rates were reduced during the period (as planned for) to increase fish harvest size and support subsequent increase in harvest volumes.

Working capital position

On 16 November 2015 the Company issued a prospectus for a non-renounceable offer ("Offer") of new Shares, at an issue price of \$0.50 per Share to raise up to approximately \$5,238,295 (before the expenses of the Offer), pursuant to:

- (a) (Rights Issue): a pro rata non-renounceable rights issue (including any shortfall) on the basis of one (1) new Share for every 2.5 Shares held; and
- (b) (SPP): a share purchase plan allowing existing Shareholders to subscribe for up to \$15,000 worth of Shares (30,000 shares at the issue price).

The Offer closed on 18 December 2015 and raised \$4,765,488 (9,530,977 fully paid ordinary shares at \$0.50 per share of which 9,130,977 fully paid ordinary shares were issued prior to 31 December 2015 and 402,000 fully paid ordinary shares subsequent to year end).

At 31 December 2015, the Group had a working capital surplus of \$17,134,406 represented significantly by biological assets of \$13,990,319 and cash and cash equivalents of \$5,647,802 (30 June 2015: Group working capital surplus of \$12,635,353 represented significantly by biological assets of \$8,658,598 and cash and cash equivalents of \$2,063,069).

The Group's working capital will be utilised to fund operating and capital expenditure to continue to develop the Cone Bay farm site and increase profitability with scale.

The Group has the ability to slow its expansion strategy and/or harvest fish at less than the targeted harvest size to maintain sufficient cash reserves, with a resulting delay in the growth of the scale of the operations. In any case, the Group also has the ability, and is planning, to raise new equity and/or debt capital and to seek research and development grant funding as it has in prior financial years.

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate. The directors are confident that the Group will maintain sufficient levels of working capital to continue as a going concern and continue to pay its debts as and when they fall due.

If the Group is unable to continue as a going concern, it will be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts that may be different to those stated in the financial statements.

See note 7 to the financial statements for further information.

5 Dividends

No dividends were paid or declared during the current or prior financial years.

6 Events subsequent to reporting date

There has not arisen any item, transaction or event of a material or unusual nature likely, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years in the interval between the end of the financial year and the date of this report.

7 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half year ended 31 December 2015.

Signed in accordance with a resolution of the directors:



Desiree Allen Ph.D.
Managing Director

15 March 2016

LEAD AUDITOR'S INDEPENDENCE DECLARATION

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**Auditor's Independence Declaration
To The Directors of Marine Produce Australia Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Marine Produce Australia Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 15 March 2016

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	Note	Consolidated	
		December 2015	December 2014
		\$	\$
Revenue from sales		2,549,446	4,497,072
Raw materials and consumables		(4,944,113)	(3,344,381)
Farm personnel expenses		(1,714,752)	(1,605,840)
Fair value gain on biological assets	8	5,047,393	627,819
Impairment of property, plant and equipment	11	-	(532,682)
Depreciation and amortisation		(136,440)	(74,383)
Administrative and marketing expenses		(716,831)	(1,266,735)
Share based payments		(124,726)	-
Other income		75,853	4,574
Results from operating activities		35,830	(1,694,556)
Finance income		9,701	5,084
Finance costs		(51,827)	(35,016)
Net finance costs		(42,126)	(29,932)
Loss before income tax		(6,296)	(1,724,489)
Income tax benefit		-	5,528
Loss for the period: attributable to owners of the company		(6,296)	(1,718,960)
Other comprehensive income net of income tax		-	-
Total comprehensive income for the period: attributable to owners of the company		(6,296)	(1,718,960)
Loss per share			
Basic and diluted loss per share (cents)*		(0.02)	(7.09)

The notes to the interim financial statements are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

AUD	Note	Consolidated	
		December 2015	June 2015
Assets		\$	\$
Cash and cash equivalents		5,647,802	2,063,069
Trade and other receivables		1,223,566	4,837,960
Inventories		871,681	441,489
Biological assets	8	13,721,596	8,658,598
Total current assets		21,464,645	16,001,116
Property, plant and equipment	11	3,795,522	2,914,323
Biological assets	8	269,216	284,329
Other assets		91,340	91,380
Total non-current assets		4,156,078	3,290,032
Total assets		25,620,723	19,291,148
Liabilities			
Trade and other payables		3,659,120	2,066,503
Loans and borrowings	13	438,495	461,254
Employee benefits		232,624	226,331
Total current liabilities		4,330,239	2,754,088
Provision for restoration		110,383	110,384
Loans and borrowings	13	1,344,378	1,394,415
Total non-current liabilities		1,454,761	1,504,799
Total liabilities		5,785,000	4,258,887
Net assets		19,835,723	15,032,261
Equity			
Share capital	9	60,184,893	55,699,560
Share capital - unissued	9	201,000	-
Reserves	9	124,726	-
Accumulated losses		(40,674,896)	(40,667,299)
Total equity		19,835,723	15,032,261

The notes to the interim financial statements are an integral part of these consolidated interim financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

<i>AUD</i>	Note	Share capital	Share capital-unissued	Options Reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$
Consolidated						
Balance at 1 July 2014		54,481,090	-	1,473,020	(44,542,019)	11,412,091
Loss for the period		-	-	-	(1,718,962)	(1,718,962)
Total comprehensive loss for the period		-	-	-	(1,718,962)	(1,718,962)
Expiry of options		-	-	(1,473,020)	1,473,020	-
Balance at 31 December 2014		54,893,780	-	-	(44,787,962)	10,105,818
Balance at 1 July 2015		55,699,560	-	-	(40,667,300)	15,032,260
Loss for the period		-	-	-	(6,296)	(6,296)
Total comprehensive loss for the period		-	-	-	(6,296)	(6,296)
Issue of share capital – rights issue	9	4,565,483	201,000	-	-	4,766,483
Transaction costs	9	(80,150)	-	-	-	(80,150)
Other movements	9	-	-	124,726	(1,300)	123,426
Balance at 31 December 2015		60,184,893	201,000	124,726	(40,674,896)	19,835,723

The notes to the interim financial statements are an integral part of these consolidated interim financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

AUD	Note	Consolidated	
		December 2015	December 2014
		\$	\$
Cash flows from operating activities			
Cash receipts		2,044,115	4,278,334
Cash paid to suppliers and employees		(6,132,428)	(6,900,384)
Cash from/(used in) operations		(4,088,313)	(2,622,050)
Interest received		9,702	5,084
R&D tax refund		4,119,725	1,697,553
Net cash from/(used in) operating activities		41,114	(919,414)
Cash flows from investing activities			
Acquisitions of intellectual property		(452)	-
Acquisitions of property, plant and equipment	11	(1,017,639)	(539,064)
Net cash used in investing activities		(1,018,091)	(539,064)
Cash flows from financing activities			
Proceeds from issue of share capital	9	4,766,489	412,690
Payment of transaction costs		(80,156)	-
Proceeds from borrowings		113,180	1,200,000
Repayment of borrowings		(185,976)	(539,000)
Interest paid on borrowings		(51,827)	(35,016)
Net cash provided by financing activities		4,561,710	1,038,674
Net increase in cash and cash equivalents		3,584,733	(419,805)
Cash and cash equivalents at 1 July		2,063,069	926,008
Cash and cash equivalents at 31 December		5,647,802	506,203

The notes to the interim financial statements are an integral part of these consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

Marine Produce Australia Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office is 34 Bagot Road, Subiaco WA 6008. The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The Group is involved in the aquaculture industry, specifically the farming of Barramundi fish in sea cages in North West Western Australia.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reports and the Corporations Act 2001. The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2015.

The consolidated interim financial report was authorised for issuance by the directors on 15 March 2016.

3. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2015. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

There are no standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group has not early adopted any of the standards, interpretations or amendments that have been issued but are not yet effective.

4. Financial risk management

During the six months ended 31 December 2015 the Group's financial risk management objectives and policies were consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2015.

5. Segment reporting

Revenue is principally derived by the Group from the growth and sale of Barramundi by aquaculture means. The group therefore operates within one operating segment.

6. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense, in particular relating to biological assets, being barramundi in the water. Actual results may differ from these estimates.

In preparing this consolidated interim report, the significant judgement made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2015.

7. Going concern basis of preparation

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate. The directors are confident that the Group will be able to maintain sufficient levels of working capital to continue as a going concern and continue to pay its debts as and when they fall due.

For the period ended 31 December 2015, the Group incurred a loss of \$6,296 (2014: Loss of \$1,718,960). At 31 December 2015, the Group had a working capital surplus of \$17,134,406, represented significantly by biological assets of \$13,990,812.

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis. The Group's 12 month cash flow forecast includes the increased spending required to continue with its expansion plans, particularly for working capital which incorporates the cost of feeding and growing the fish biomass for the planned increase in harvest volumes. This planned expansion is expected to be funded by continued sales of fish, additional research and development tax refunds, and some equity and/or debt investment.

Key risks associated with Barramundi farming and the ability to successfully grow and harvest fish for sale are discussed in Note 15 of the 30 June 2015 annual financial statements.

The directors believe that it is appropriate to prepare the financial statements using the going concern basis as the Group has the ability to slow its expansion strategy and/or harvest fish at less than the targeted harvest size to maintain sufficient cash reserves, with a resulting delay in the growth of the scale of the operations. In any case, the Group is planning to raise new equity and/or debt capital.

Should the Group be unable to undertake the initiatives disclosed above, there is uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

8. Biological assets

	Barramundi
Balance at 1 July 2014	7,742,194
Increase due to growth	9,826,086
Increase due to acquisitions	390,589
Decrease due to sales	(9,015,943)
Balance at 30 June 2015	<u>8,942,926</u>
Balance at 1 July 2015	8,942,926
Increase due to growth	7,411,601
Increase due to acquisitions	185,731
Decrease due to sales	(2,549,446)
Balance at 31 December 2015	<u>13,990,812</u>

Biological assets have been classified as both a current and non-current asset in the Consolidated Statement of Financial Position. Current biological assets are those which are expected to be harvested within the next 12 months and non-current biological assets will be harvested in later financial years. The amount of \$269,216 (2014: \$284,329) has been recognized as a non-current asset to reflect the value of all barramundi below 400 grams in weight are not considered to be of saleable size at balance date.

9. Share capital

	Ordinary Shares		Options	
	No shares	\$	No options	\$
On issue at 1 July 2014	94,900,231	54,480,790	20,118,583	1,473,020
On issue at 31 December 2014 (post consolidation 1:4)	24,241,154	54,893,780	-	-
On issue at 1 July 2015	25,839,956	55,699,560	799,428	-
Issue of share capital	-	-	-	-
Issue of shares pursuant to Rights Issue ⁽ⁱ⁾	42,000	-	21,000	-
Issue of shares ⁽ⁱⁱ⁾	309,517	-	-	-
Issue of options to directors ⁽ⁱⁱⁱ⁾	-	-	2,200,000	124,726
Issue of shares pursuant to Rights Issue ^(iv)	9,130,977	4,565,483	-	-
Issue of shares pursuant to Rights Issue ^(iv)	402,000	201,000	-	-
Transaction costs	-	(80,150)	-	-
On issue at 31 December 2015	35,724,450	60,385,893	3,020,428	124,726

Note

(i) On 2 July 2015 the Company issued 42,000 fully paid ordinary shares together with one free \$0.75 option exercisable on or before 30 September 2016 for every two shares offered pursuant to the prospectus for a non-renounceable offer ("Offer") of new Shares dated 13 April 2015, at an issue price of \$0.50 per Share to raise up to approximately \$3,000,000 (before the expenses of the Offer);

(ii) On 7 August 2015 the Company issued 309,517 fully paid ordinary shares (Loyalty Shares), made on the basis of 3 Loyalty Shares for every 5 unlisted \$0.80 options which option holders exercised prior to expiry on 31 October 2014;

(iii) The assessed fair value at grant date of options granted during the year ended 31 December 2015 was \$0.0567 per option (2015 – nil). The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended 31 December 2015 included:

- (a) Options are granted for no consideration and vest immediately.
- (b) Exercise price: \$0.75
- (c) Grant date: 23 November 2015
- (d) Expiry date: 30 November 2018
- (e) Share price at grant date: \$0.50
- (f) Expected price volatility of the company's shares: 33%
- (g) Expected dividend yield: nil
- (h) Risk-free interest rate: 1.89%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information;

(iv) The Company issued 9,532,977 fully paid ordinary shares pursuant to the prospectus for a non-renounceable offer ("Offer") of new Shares dated 16 November 2015, at an issue price of \$0.50 per Share to raise up to approximately \$5,238,295 (before the expenses of the Offer) of which 9,130,977 fully paid ordinary shares were issued prior to 31 December 2015 and 402,000 fully paid ordinary shares subsequent to year end;

Dividends

No dividends were proposed or paid during the current or previous financial period.

Issue of options

The number and weighted average exercise prices of share options are as follows:

	31 Dec 2015		June 2015	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	0.75	799,428	0.20	20,118,583
Consolidation 1:4	-	-	0.80	5,029,673
Options granted	0.75	2,221,000	-	-
Issued for no cash consideration	-	-	0.75	799,428
Options exercised	-	-	0.20	(515,862)
Options lapsed	-	-	0.20	(4,513,811)
Outstanding at the end of the period	0.75	3,020,428	0.75	799,428

For the fair value of the options granted during the period refer to Note 9(iii).

For the purposes of the basic and diluted earnings per share number included in the consolidated statement of profit or loss and other comprehensive income, the previous corresponding period amounts have been restated to account for the 1-for-4 consolidation that occurred during the previous corresponding period.

10. Consolidated entities

During the period, the Group successfully applied to ASIC for voluntary deregistration of its subsidiary company Aussie Prawns Pty Ltd. This subsidiary was a dormant entity and considered to be immaterial to the results of the consolidated entity.

11. Property, plant and equipment and impairment

	Plant and equipment \$	Capital works in progress \$	Total \$
Gross carrying amount			
Balance at 1 June 2014	9,887,356	-	9,887,356
Acquisitions	736,699	944,500	1,681,199
Balance at 30 June 2015	10,624,055	944,500	11,568,555
Depreciation and impairment losses			
Balance at 30 June 2014	(7,972,946)	-	(7,972,946)
Depreciation	(164,499)	-	(164,499)
Impairment	(516,787)	-	(516,787)
Balance at 30 June 2015	(8,654,232)	-	(8,654,232)
Carrying amount at 30 June 2015	1,969,823	944,500	2,914,323
Gross carrying amount			
Balance at 1 July 2015	10,624,055	944,500	11,568,555
Acquisitions	1,017,639	-	1,017,639
Transfers from capital works in progress	944,500	(944,500)	-
Balance at 31 December 2015	12,586,194	-	12,586,194
Depreciation and impairment losses			
Balance at 1 July 2015	(8,654,232)	-	(8,654,232)
Depreciation	(136,440)	-	(136,440)
Impairment	-	-	-
Balance at 31 December 2015	8,790,672	-	8,790,672
Carrying amount at 31 December 2015	3,795,522	-	3,795,522

Property, plant and equipment and impairment (continued)

During the interim period the Group acquired property, plant and equipment with a cost of \$1,017,639 (six months ended 31 December 2014: \$539,064). Disposals for the interim period were nil (2014: nil).

The capital works in progress amount from 2015 related to the build of the three new vessels which are now in use and being depreciated.

12. Capital and other commitments

	31 Dec 2015	30 June 2015
	\$	\$
Capital and expenditure commitments		
Plant and equipment		
Contracted but not provided for and payable within one year	-	992

Refer to Note 13.

13. Borrowings

	31 Dec 2015	30 June 2015
	\$	\$
Current interest-bearing loans	438,495	461,254
Non-current interest bearing loans	1,344,378	1,394,415
	<u>1,782,873</u>	<u>1,855,669</u>

Movements in loans and borrowings during the period

Facility	Opening 1 July 2015	Drawn in cash	Repaid in cash	Repaid in shares	Closing 31 December 2015
	\$	\$	\$	\$	\$
NAB Finance - Innovator	977,500	-	140,255	-	837,245
NAB Finance – Work Vessels	878,169	113,180	45,721	-	945,628
Total	<u>1,855,669</u>	<u>113,180</u>	<u>185,976</u>	<u>-</u>	<u>1,782,873</u>

The Group has honored its covenant obligations for NAB loans secured in the previous financial year 2015, including maintaining capital ratios and minimum equity levels since the agreements were entered into. The loan agreements are with MPA Fish Farms Pty Ltd and the parent company, Marine Produce Australia Ltd, acted as guarantor.

During the period to 31 December 2015, information arose which indicated revised repayment/settlement dates. The following illustrates the classifications changes made to the 30 June 2015 balances:

	30 June 2015
Current loans and borrowings:	\$
30 June 2015 – previously stated	1,164,310
Re-classification adjustment	(703,056)
30 June 2015 – re-stated	<u>461,254</u>
	30 June 2015
Non-Current loans and borrowings:	\$
30 June 2015 – previously stated	691,359
Re-classification adjustment	703,056
30 June 2015 – re-stated	<u>1,394,415</u>

14. Related parties

All related party disclosures as made in the annual accounts as at and for the year ended 30 June 2015 have continued in nature in the interim period. For details of these arrangements, refer to the 30 June 2015 annual financial report.

15. Subsequent events

There has not arisen any item, transaction or event of a material or unusual nature likely, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years in the interval between the end of the financial year and the date of this report.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Marine Produce Australia Limited ("the Company"):
 - (a) the financial statements and notes set out on pages 7 to 16, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Desiree Allen
Managing Director

15 March 2016

AUDITOR'S INDEPENDENT REVIEW REPORT

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Independent Auditor's Review Report To the Members of Marine Produce Australia Limited

We have reviewed the accompanying half-year financial report of Marine Produce Australia Limited ("Company"), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Marine Produce Australia Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Marine Produce Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Marine Produce Australia Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, we draw attention to Note 7 to the half-year financial report which indicates the consolidated entity incurred an operating loss for the half year ended 31 December 2015 of \$6,296 (2014: \$1,718,960). These conditions, along with other matters as set forth in Note 7, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 15 March 2016