

28 February 2007

Company Announcements Office
Australian Stock Exchange Ltd
20 Bridge Street
SYDNEY NSW 2000

BY ELECTRONIC TRANSMISSION

Dear Sir

**MARINE PRODUCE AUSTRALIA LIMITED
RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2006**

We attach the following:

1. Appendix 4D - Results Announcement for the half year ended 31 December 2006
2. Financial Report for the half year ended 31 December 2006

Yours sincerely
MARINE PRODUCE AUSTRALIA LIMITED



John Hutton
MANAGING DIRECTOR

MARINE PRODUCE AUSTRALIA LIMITED

ABN 70 091 805 480

Appendix 4D

Half-year report 6 months ended ('current period') 31 December 2006

Results for announcement to the market

			A\$
2.1	Revenue from ordinary activities (no revenue in previous corresponding period)	NA	243,215
2.2	(Loss) from ordinary activities after tax attributable to members	UP 86.6%	(2,206,884)
2.3	Net (loss) for the period attributable to members	UP 86.6%	(2,206,884)

Dividends (distributions)

	Amount per security	Franked amount per security
2.4 Dividends	Nil	Nil
Previous corresponding period	Nil	Nil

2.5 Record date for determining entitlements to the dividend	Not applicable
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Net Tangible Asset Backing (NTA)

	Current Period	Previous corresponding period
3 Net tangible asset backing per ordinary security	1.8 cents	4.5 cents

Commentary on results for the period

Result and review of operations

Revenue for the period was \$243,214 made up from the sale of harvested prawns, \$225,165 and the balance from the sale of barramundi. Other income, \$769,372, is predominately made up from the increase in bio assets, \$713,600 from the company's fish farming operations, the balance is made up of interest and grant income. The loss for the reporting period is \$2,206,884 and mainly attributable to costs associated with the expansion of the fish farming operations in Cone Bay.

It is recommended that this half yearly report be read in conjunction with the 30 June 2006 Annual Report and any public announcements made by the company during the half year.

The Company will be focussing its efforts on the development of the fish farming operations in Cone Bay, continuing the success of the farm trials the previous twelve months delivered.

Fish growth rates have accelerated in line with expectations during the current northern Australian wet season, resulting in a massive 56-tonne stock increase in January. Total Farm Biomass at the end of January reached 286 tonnes.

The company's short term focus will involve the implementation of significant improvements to equipment and infrastructure, deployment and stocking of additional sea cages to substantially increase the number of fish that can be grown to premium marketable size.

Further expansion is planned in the new financial year in line with the Company's long term objectives.

During the six month period to 31 December 2006 the company discontinued operations at its prawn farming venture at Darwin in the Northern Territory and the Board is currently assessing an offer to purchase the land and other assets of the Company's 100%-owned subsidiary Aussie Prawns Pty Ltd.



**MARINE PRODUCE AUSTRALIA LIMITED
and its controlled entities**

ABN 70 091 805 480

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

Marine Produce Australia Limited and its controlled entities

Directors' report

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2006 and the review report thereon.

Directors

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

Name	Period of directorship
Mr Miles Kennedy <i>Non-Executive Chairman</i>	Appointed 3 February 2006
Mr John Hutton <i>Managing Director</i>	Resigned 3 February 2006 Reappointed 14 August 2006
Mr Nicholas Miller <i>Executive Director</i>	Resigned 3 February 2006 Reappointed 14 August 2006
Mr John Drummond <i>Executive Director</i>	Appointed 14 August 2006
Mr Michael Firmin <i>Non-Executive Director</i>	Resigned 9 August 2006
Mr Peter Fraser <i>Managing Director</i>	Appointed 5 December 2005 Resigned 9 August 2006

Marine Produce Australia Limited and its controlled entities

Result of Operations

Revenue for the period was \$243,214 made up from the sale of harvested prawns, \$225,165 and the balance from the sale of barramundi. Other income, \$769,372, is predominately made up from the increase in bio assets, \$713,600 from the company's fish farming operations, the balance is made up of interest and grant income. The loss for the reporting period is \$2,206,884 and mainly attributable to costs associated with the expansion of the fish farming operations in Cone Bay.

Review of operations

It is recommended that this half yearly report be read in conjunction with the 30 June 2006 Annual Report and any public announcements made by the company during the half year.

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Marine Produce Australia Limited and its controlled entities

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2006.

Dated at West Perth this 28th day of February 2007.

Signed in accordance with a resolution of directors:



John Hutton
MANAGING DIRECTOR



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Marine Produce Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2006 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to be 'T R Hart', written over the printed name.

T R Hart
Partner

Perth
28 February 2007

Marine Produce Australia Limited

Consolidated interim income statement

For the six months ended 31 December 2006

	31 December 2006	31 December 2005
	\$	\$
Revenue	243,215	-
Other income	769,372	908,342
Raw materials and consumables	(1,930,827)	(894,065)
Employee benefits	(482,822)	(193,732)
Depreciation and amortisation	(164,309)	(149,112)
Consultants fees	(109,390)	(324,148)
Travel & Accommodation	(163,607)	(166,468)
Other expenses	(368,743)	(374,025)
Profit on disposal of property, plant and equipment	227	-
Loss before income tax	(2,206,884)	(1,193,208)
Income tax expense	-	10,713
Loss for the period	(2,206,884)	(1,182,495)
Loss per share for loss attributable to the ordinary equity		
Basic loss per share (cents)	(0.84)	(0.82)
Diluted loss per share (cents)	(0.84)	(0.82)

The consolidated interim income statement is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 9 to 13.

Marine Produce Australia Limited

Consolidated interim statement of changes in equity

For the six months ended 31 December 2006

	Share Capital	Retained losses	Total equity
	\$	\$	\$
Balance at 1 July 2005	16,195,314	(7,280,364)	8,914,950
Total recognised income and expense	-	(1,182,495)	(1,182,495)
Balance at 31 December 2005	16,195,314	(8,462,859)	7,732,455
Balance at 1 July 2006	19,325,119	(12,586,964)	6,738,155
Total recognised income and expense	-	(2,206,884)	(2,206,884)
Share Issue	4,621,789	-	4,621,789
Share issue costs	(357,051)	-	(357,051)
Balance at 31 December 2006	23,589,857	(14,793,848)	8,796,009

The consolidated interim statement of changes in equity is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 9 to 13.

Marine Produce Australia Limited

Consolidated interim balance sheet

As at 31 December 2006

	<i>Note</i>	31 Dec 2006	30 June 2006
		\$	\$
Current Assets			
Cash and cash equivalents		3,271,871	1,417,742
Trade and other receivables		282,647	400,215
Inventories		259,218	340,590
Biological assets		1,279,463	581,683
Other current assets		17,853	17,853
Assets held for sale	6	3,247,009	-
Total current assets		8,358,061	2,758,083
Non-current assets			
Property, plant and equipment		1,729,851	4,428,284
Intangible assets		420,763	404,738
Total non-current assets		2,150,614	4,833,022
Total assets		10,508,675	7,591,105
Current Liabilities			
Trade and other payables		1,200,299	772,965
Interest-bearing liabilities		500,000	11,456
Employee benefits		12,367	40,088
Total current liabilities		1,712,666	824,509
Non-current Liabilities			
Interest-bearing liabilities	7	-	28,441
Total non-current liabilities		-	28,441
Total liabilities		1,712,666	852,950
Net assets		8,796,009	6,738,155
Equity			
Issued capital	8	23,589,857	19,325,119
Accumulated losses		(14,793,848)	(12,586,964)
Total equity		8,796,009	6,738,155

The consolidated interim balance sheet is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 9 to 13.

Marine Produce Australia Limited
Consolidated interim statement of cash flows

For the six months ended 31 December 2006

	Consolidated	
	31 December 2006	30 June 2006
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	320,306	136,583
Cash paid to suppliers and employees	(2,641,524)	(4,503,752)
Interest received	24,004	104,572
Other income received	31,575	546,287
Net cash used in operating activities	(2,265,639)	(3,716,310)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,364	3,962
Acquisition of property, plant and equipment	(639,448)	(1,876,808)
Net cash used in investing activities	(638,084)	(1,872,846)
Cash flows from financing activities		
Proceeds from issue of share capital	4,621,789	3,336,194
Proceeds from borrowings	1,250,000	-
Repayment of borrowings	(756,886)	(6,161)
Proceeds from equipment finance	-	45,635
Payment of transaction costs	(357,051)	(300,811)
Net cash from financing activities	4,757,852	3,074,857
Net increase in cash and cash equivalents	1,854,129	(2,514,299)
Cash and cash equivalents at 1 July	1,417,742	3,932,041
Cash and cash equivalents at 31 Dec 2006	3,271,871	1,417,742

The consolidated interim statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 9 to 13.

Notes to the condensed consolidated interim financial statements

1. Reporting Entity

Marine Produce Australia Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006 is available upon request from the Company's registered office at 11/38 Colin Street, West Perth WA 6005 or online at www.marineproduce.com.

1a. Going concern

At 31 December 2006 the consolidated entity has cash of \$3,271,871 (2005: \$1,417,742) and positive working capital of \$6,645,395 (2005: \$1,933,574).

During financial year 2007, the consolidated entity plans to complete the sale of its prawn farming operation and further develop its barramundi fish farm operation. The successful implementation of commercialisation and development plans requires significant additional investment to be incurred.

The consolidated entity expects present working capital, together with equity issued subsequent to balance date to be sufficient. However, should the consolidated entity require additional funding, further equity raisings or debt financing of certain assets, or a combination of both, may be required.

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 consolidated entity as at and for the year ended 30 June 2006.

The consolidated interim financial report was authorised for issuance by the directors on 28 February 2007.

3. Significant accounting policies

Except as described below the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2006.

Notes to the condensed consolidated interim financial statements

3. Significant accounting policies (continued)

Non-current assets held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the assets and liabilities in the disposal group is brought up-to-date in accordance with applicable accounting standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the consolidated entity's business that represents a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

4. Segment reporting

Business segments

The consolidated entity comprised of the following main business segments:

- Barramundi – The Grow-Out of juvenile barramundi to economic sale size.
- Prawns – The Grow-Out of juvenile prawns.

Geographical segments

The Company operated in two geographical sectors being the North West of Western Australia producing Barramundi in the Buccaneer Archipelago and Black Tiger Prawns in Darwin in the Northern Territory. The administration and corporate head office is located in West Perth, Western Australia.

Business segments

6 months ended 31 December 2006

	Prawns		Barramundi		Consolidation	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Segment revenue	225,165	-	18,050	-	243,215	-
Segment result	(513,476)	(523,797)	(1,226,228)	(334,140)	(1,739,704)	(857,937)
Unallocated	-	-	-	-	(467,180)	(335,271)
Operating loss	-	-	-	-	(2,206,884)	(1,193,208)
Loss for the period	-	-	-	-	(2,206,884)	(1,182,495)

Notes to the condensed consolidated interim financial statements

4. Segment reporting (continued)

In October it was decided that the prawn farm was uneconomical and was placed into care and maintenance. At 31 December 2006 the consolidated entity retains one activity being the farming of Barramundi at Cone Bay in the Buccaneer Archipelago North West of Western Australia. (Refer to note 6)

5. Estimates

Management discussed with the board the development, selection and disclosure of the consolidated entity's critical accounting policies and estimates and their application. The estimates and judgements that have a significant risk of causing material adjustment to the carrying amounts of these assets and liabilities within the next financial year are discussed below.

Assets held for sale

The carrying amount of property, plant and equipment in the prawn business segment is \$3,247,009. The assets have been classified as held for sale in the balance sheet. The measurement of the recoverable amount for these assets was made based on the estimated net value the consolidated entity could realise on the sale of the assets.

6. Discontinued operation

The prawn farming operation located in Darwin is classified as a discontinued operation with the associated assets classified as assets held for sale in the balance sheet. This resulted from the decision of the consolidated entity's Board in December 2006 to consider the sale of the associated assets due to the prawn farm being uneconomical at 12 hectares of renovated ponds. Negotiations to sell these associated assets have commenced. As at 31 December 2006 the disposal assets and liabilities comprised:

Property plant & equipment	3,271,678
Inventory	9,500
Trade and other payables	(34,169)
	<hr/>
	\$3,247,009
	<hr/>

Notes to the condensed consolidated interim financial statements

7. Interest bearing liabilities

The following unsecured loans were drawn and repaid during the six months ended 31 December 2006:

	Interest rate			Face value	Carrying amount	Year of maturity
	Currency	nominal	effective			
Balance at 1 July 2006	-	-	-	-	-	-
Loan received	\$AUD	10.25%	10.25%	1,250,000	500,000	Jan 07
Repayments						
Loan repaid	\$AUD	10.25%	10.25%	(750,000)	-	-
Balance at 31 December 2006	-	-	-	\$500,000	\$500,000	-

8. Share capital

Movement of shares on issue	2006		2005	
	Number	\$	Number	\$
Balance at beginning of period	226,214,538	19,325,119	142,809,692	16,195,314
Options exercised (Sept 06)	1,558,902	62,356	-	-
Rights issue (Dec 06)	227,773,440	4,559,433	-	-
Share issue costs for rights issue	-	(357,051)	-	-
Balance at end of period	455,546,880	23,589,857	142,809,692	16,195,314

Notes to the condensed consolidated interim financial statements

9. Related Parties

Transaction with key managerial personnel and their associated entities.

Un-secured loans from Faustus Nominees Pty Ltd during the six months ended 31 December 2006 amounted to \$1,250,000 (six months ended 31 December 2005 \$NIL). Also during this period \$725,000 was repaid leaving a balance outstanding at 31 December 2006 of \$500,000 (2005 \$Nil). Interest is payable at 10.25% monthly in arrears. Interest accrued at 31 December 2006 was \$28,938 (2005 NIL).

Faustus Nominees Pty Ltd is an entity related to Mr John Hutton and is a substantial shareholder of the company.

All other related party disclosures as made in the annual accounts as at and for the year ended 30 June 2006 have continued in nature in this six monthly period. For details of these arrangements, refer to the 30 June 2006 annual financial report.

10. Subsequent Events

- (a) On 23 January 2007 the company repaid \$500,000 to Faustus Nominees Pty Ltd.
- (b) On 15 February 2007 60,000,000 shares were issued at \$0.026 each, pursuant to a placement to European investors, raising \$1,560,000.

Directors' declaration

In the opinion of the directors of Marine Produce Australia Limited ("the Company"):

1. the financial statements and notes set out on pages 9 to 13, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001: and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 28th day of February 2007.

Signed in accordance with a resolution of the directors:



John Hutton
MANAGING DIRECTOR



Independent auditor's review report to the members of Marine Produce Australia Limited

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Marine Produce Australia Limited, which comprises the consolidated interim balance sheet as at 31 December 2006, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising 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 Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As 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.

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.

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 2006 and of its performance for the half-year ended on that date; and



(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

A handwritten signature in blue ink, appearing to be 'T R Hart', written in a cursive style.

T R Hart
Partner

Perth
28 February 2007