

27 February 2009

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

BY ELECTRONIC TRANSMISSION

Dear Sir

**MARINE PRODUCE AUSTRALIA LIMITED
RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

We attach the following:

1. Appendix 4D – Results Announcement for the half year ended 31 December 2008
2. Financial Report for the half year ended 31 December 2008

Yours sincerely
MARINE PRODUCE AUSTRALIA LIMITED

Miles Kennedy
Non – Executive Director

APPENDIX 4D

HALF-YEAR REPORT

6 MONTHS ENDED 31 DECEMBER 2008

1 REPORTING PERIOD AND PREVIOUS CORRESPONDING PERIOD

Reporting period	6 months ended 31 December 2008
Previous corresponding period	6 months ended 31 December 2007

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	<i>In thousands of AUD</i>			
Revenue from sales	up	187%	to	2,268
Loss from continuing operations attributable to members	up	550%	to	3,868
Net loss for the period attributable to members	up	150%	to	3,868

It is not proposed to pay dividends for the period. No dividend was paid or proposed in the previous corresponding period. The consolidated group does not have dividend or distribution reinvestment plans.

3 FINANCIAL STATEMENTS

Refer to the attached interim financial statements for the group's income statement, balance sheet, statement of changes in equity and statement of cash flows for the period being reported.

4 OPERATING AND FINANCIAL REVIEW

Refer to the attached interim financial report, including the directors' report and interim financial statements for an operating and financial review of the business for the reporting period.

5 REVIEW OF FINANCIAL CONDITION

Material uncertainty regarding continuation as a going concern

The Group's result from operating activities for the reporting period was a loss of \$4,203,000 (2008: \$345,000). The loss before tax for the period from continuing operations was \$3,868,000 (2008: \$595,000).

At 31 December 2008, the Group had a working capital surplus of \$2,753,000, represented significantly by biological assets of \$3,613,000.

Current liabilities at balance date include \$1,362,000 due to Denise Hutton, relation to Director John Hutton, which is secured by the assets of the Group and is callable from mid March 2009. Although not the preferred plan, should this debt not be able to be refinanced or extended, the Group has the option of increasing harvest levels, potentially at reduced sales prices, for fish over 2kg to settle the repayment obligations.

Further working capital and funding for capital expenditure is required to enable the Cone Bay farm site to initially operate at breakeven and then to grow to a scale required to achieve:

- Fish grow-out of current holdings to targeted harvest size
- Large scale consistent supply of Barramundi products to domestic and export markets
- Economies of scale and cost efficiencies
- Improved, sustainable returns to shareholders, and
- Indigenous employment initiatives

The Development Plan dictates that the business needs to harvest and sell significantly less than the projected total fish biomass growth during the 2009 financial year to expand the biomass of the farm. This planned biomass expansion, predominantly of the fish currently on hand, is subject to harvest licensing approvals and will require significant additional investment capital.

To achieve the planned expansion the Group will require additional working capital to meet ongoing operations.

The Company plans to raise a minimum of \$4,000,000, and ideally up to \$10,000,000, to fund its planned expansion strategy and refinance its debt obligations over the next 12 months. In this regard the Group is currently in discussions with the major shareholders of the Group to progress further funding, whether through additional debt or equity instruments and is currently in the process of formalising access to further funding for the business.

5 REVIEW OF FINANCIAL CONDITION (CONTINUED)

Should less than \$4,000,000 of funding be available, the Group would look to slow its expansion strategy and/or harvest fish at less than the current targeted 3kg harvest size to maintain sufficient cash reserves, with a resulting delay in the growth of the scale of the operations until further funding becomes available.

The financial report has been prepared on a going concern basis which the directors believe to be appropriate based on discussions with major shareholder groups. The directors are confident that the Group will be able to raise sufficient funding to continue as a going concern and continue to pay its debts as and when they fall due.

Should further fund raising be unsuccessful and the company not be able to otherwise secure funding from other capital raisings or other alternative funding arrangements, there is material uncertainty which may cast significant doubt as to whether the company and Group will be able 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 report. This includes, but is not limited to, the Group's major assets, being its biological assets, which represent 60% of the Group's current assets and 34% of the Group's total assets.

4 NET TANGIBLE ASSETS PER SECURITY

Reporting period	A\$0.06
Previous corresponding period	A\$0.16

Net tangible assets per security for the previous corresponding period has been adjusted to a post share consolidated basis to ensure comparability with the reporting period.

5 DETAILS OF NEW ENTITIES WITHIN THE CONSOLIDATED GROUP

As at 1 July 2008, the Group acquired and gained control of Maxima Fish Farms Pty Ltd. This entity did not contribute materially to the Group's results for the period.

The consolidated group does not have associates or joint venture operations.

6 AUDITOR'S REVIEW OF THE INTERIM FINANCIAL REPORT

The auditor's independent review report is attached to the interim financial report.

7 ATTACHMENTS

Interim financial report for the half year ended 31 December 2008.



Interim Financial Report

Half Year Ended 31 December 2008
Marine Produce Australia Limited

ABN 70 091 805 480

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DIRECTORS' REPORT

For the half year ended 31 December 2008

The directors present their report together with the consolidated financial report of Marine Produce Australia Limited (the Group or MPA) for the half year ended 31 December 2008 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>Non-Executive Chairman</i>	Appointed 11 June 2008
Mr Nicholas Miller <i>Managing Director</i>	Resigned 21 October 2008
Mr John Hutton <i>Non-Executive Director</i>	Appointed 14 August 2006
Dr Tor Theunissen <i>Independent Non-Executive Director</i>	Appointed 17 December 2007
Prof Mehdi Doroudi <i>Independent Non-Executive Director</i>	Appointed 18 December 2007

2 Principal activities

The principal activities of the Group during the course of the half year were the growth and sale of Barramundi by aquaculture means. This required further investment in aquaculture assets and continuing research of technologies and market developments to cultivate fish.

The Group's objectives are stated within the operating and financial review. Disclosure of any further information has not been included in this directors' report because, in the opinion of the directors, to do so would result in unreasonable prejudice to the Group.

3 Operating and financial review

Marine Produce Australia Limited operates an expanding marine finfish farming business in the Buccaneer Archipelago, in the north-west of Western Australia.

Over the last five years MPA has made considerable progress in the development of infrastructure and techniques for growing Barramundi in high energy oceanic sites, and has been successful in producing a product that has been widely acclaimed for its superior size, flesh quality and recovery rates.

World production from the wild catch sector remained static for over twenty years from the mid 1980s but has declined in recent years due to dwindling resources and increased regulation and management of many fisheries. Meanwhile, demand for all seafood has increased steadily over that period.

Growing consumption of seafood has been met by aquaculture production which is the world's fastest growing food production sector, expanding from supplying 10% of demand in 1984 to the current level of matching or exceeding the wild catch. The United Nations Food and Agricultural Organisation predict that there will be a shortfall of over 37 million tonnes of seafood by 2020. It is clear that increasing demand for fish products will be met by aquaculture production. One product of particularly high demand is quality white fish suitable for fillet and portion production for sales into western retail, restaurant and food service markets.

MPA is well placed to capitalise on this demand, and has formulated a Development Plan to increase harvesting volumes to 2,000,000kg by 2012 through new sites and licences, and thereafter to a targeted annual harvest volume of 5,000,000kg. The ability of the Group to achieve this development is conditional upon adequate funding and licensing approvals, both of which the company is working to obtain, but has not yet secured.

The intended scale of operation will place MPA as a major Australian aquaculture group and deliver strong and sustainable financial returns to shareholders.

I. OPERATING REVIEW

Achievements	Disappointments
200% increase in period-on-period harvesting and sales volumes – over 17,000kg harvested in the week before Christmas 2008	Increasing demand and harvest levels combined with lack of funding for fish growth has depleted farm biomass – result has been a \$4,258,000 difference in fish biomass growth compared to the corresponding prior period.
Detailed 10 year Development Plan for the business	Lack of available funding limiting ability to grow the scale of the farm – causing spending cuts against fish feed required for farm biomass growth
Fitting of new crane and modifications to Merindah Pearl vessel to allow harvests of up to 20,000kg	Severe weather events in Northern Australia (in WA, NT and QLD) caused road closures, which limited the ability to maintain regular supplies of fish feed and also caused loss of fish from some cages
Maintenance of strong price premium and orders continue to exceed available supply	Planned further intakes of small fish for 2009 (2011 sales stock) will be contingent on the availability of funding
Excess of trade payables, loans and borrowings over cash, trade and other receivables and inventories has been reduced by \$887,000 over the period	
Progress has been made towards expanded harvest licence	
Further optimisation of nursery and growout farming methods	

MPA has increased harvest output from the Cone Bay marine farm while continuing to receive praise and premium prices for the high quality, freshness and consistence of our ocean grown Barramundi. Demand for product has exceeded our capacity to supply.

While farm development has slowed during the first half of FY09, there are ample stocks available to increase production with a further injection of funding. Targeted expenditure on capital equipment will also allow the purchase of grading equipment for increased fish harvest size and consistency, and an upgrade to our harvesting system to further improve product quality.

Nursery

Intake of juvenile Barramundi in the six months to December 2008 was 400,000, almost two thirds of the total intake for the entire 2008 financial year. Growth and survival have been in line with expectations, with high quality fish transferred to the marine nursery cages.

The marine nursery cage system has allowed transfer of fish from the shore based nursery at a much smaller size, and thereafter to sea cages at a larger size. It also facilitates easier grading of small fish and more uniform size at stocking, all of which contributes to increased production capacity and lowering of production costs.

Marine Farm

Performance of fish stock was strong during the early part of the period, but difficulties in securing feed in a timely manner saw a decline in growth, which combined with higher harvest volumes resulted in a decline in standing biomass.

Harvest volume for the half year was 237,000kg (2008 full financial year 363,000kg). Average harvest weight remained in the 3 kg plus range for the period. Due to reduced feeding, total farm biomass decreased from 645,000kg at June to 480,000 kg as of the end of December 2008.

Fish health has continued to be outstanding, with no disease or parasite issues occurring on the marine farm facility. Any minor disease issues with juvenile stock have been associated with cannibalistic and aggressive behaviour during this stage, and have resulted in only low mortality rates. Marine farm staff strive to continually improve fish performance, and have developed improved fish handling strategies for harvesting and grading activities.

The change from steel to heavy duty plastic nets has proved to be a successful move. Although more expensive, plastic nets have approximately five times the service life of steel nets and do not suffer the problems caused by heavy weight and corrosion. They are significantly easier to handle and clean, and are less likely to remove scales from fish during handling.

The main requirement for the upcoming period is to secure finance to allow our Development Plan to meet farm production potential. The large number of small fish on site can then be on grown to full market size, allowing the farm to significantly increase production over the next 18 months to 2 years. It is also our aim to purchase a centralised feeding system to allow more controlled feeding and a reduction in logistics and maintenance costs. These systems are a proven solution to reducing costs in major aquaculture centres.

Environmental Monitoring and Management.

MPA's revised Environmental Monitoring and Management (EMMP) program has operated throughout the period as required in under the marine farm licence. Results continue to show that farming activities have no measurable impact on the environment in Cone Bay, and that the ecosystem remains in a healthy state.

Marketing and Sales

Harvest volume for the half year was 237,000kg, up by 200% from the same period last year. Average harvest weight remained in the 3 kg plus range for the period.

MPA's farmed fish maintains its position as the premium Barramundi on the Australian market, with customer feedback indicating regular supply and consistent high quality as major reason for purchasing our product. For this reason, higher prices of up to \$3 per kilogram have been maintained over our competitors' products. We thank Westmore Seafoods for the important role they have played in attaining and maintaining this position.

During the last 6 months any remaining factors influencing product quality have been identified and plans put in place to even further improve the harvesting and packing process. We are confident that customers will see these additional improvements, further cementing our reputation as a supplier of high quality product.

II. EXPANSION PLANS

Increase harvest capacity

The Group has significant expansion plans which involve additional operating expenditure for the grow-out and restocking of fish stocks to enable the Group to expand its harvest capacity to a targeted level of 2,000,000kg per annum by June 2012.

Further capital expenditure will be required for investment in:

- Increase in cage capacity and moorings
- Expand grading capacity for marine farm and nursery
- Upgrade harvest line to increase throughput and improve animal welfare
- Install centralised feeding systems and remote monitoring technology
- Purchase high capacity net cleaning equipment
- Increase below deck capacity of Merindah Pearl
- Expand the licence application program for additional farming sites

This increase in scale will require additional funding to provide operational efficiencies necessary for the commercialisation of the fish farming business to increase the long term cash operating margins of the business.

Licensing approvals

To achieve continued growth towards commercial quantities of sales the Group will require licensing approvals to grow and harvest adequate quantities of fish. The relevant government agencies are presently considering applications to increase the existing licence and add further licences.

III. REVIEW OF FINANCIAL RESULTS

Loss for the period

The Group's result from operating activities for the half year ended 31 December 2008 ("reporting period") was a loss of \$4,203,000 (2007: \$345,000). The loss for the period was \$3,868,000 (2007: \$1,546,000).

Loss per share

Basic loss per share for the reporting period was \$0.055 per share (2007: \$0.003).

Basic loss per share from continuing operations for the reporting period was \$0.055 per share (2007: \$0.001).

Revenue

Sales revenue

Revenue from the sale of fish was \$2,268,000 for the reporting period (2007: \$791,000), an increase in year-on-year selling rate of 200%.

Harvest levels have continued to increase with 237,000kg of fish harvest for the period (2007: 79,000kg). Farm biomass reduced by 165,000kg over the interim period as the Group was required to harvest more fish than the farm was able to produce, due to lack of feed availability and funding constraints, resulting in the feeding of fish at below optimal levels to allow weight growth.

Loss from change in fair value of biological assets

A difference in fish biomass movement of \$4,258,000 compared to the corresponding prior period (losses of \$1,835,000 against 2007 gain of \$2,423,000) resulted from the decrease in biological assets resulting from the ration feeding of fish held in sea cages (affecting growth) and the impact of continuing increased harvest levels resulting from the demand for the Company's product.

Ration feeding of fish has been required for a number of reasons:

- Reduced access to development capital in tightening debt and equity markets;
- Flooding and associated road closures severely impacting the ability of road trains to deliver fish feed from the Eastern States to Northern Western Australia;
- Inflexible terms of fish feed supplier.

Operating costs

Overall operating costs and net cash used in operating activities

Unit operating costs have been above expectation with a reduction in fish biomass reducing the cost efficiency of the farm.

Net cash used in operating activities of \$2,244,000 (2007: \$2,361,000) represents the difference between proceeds from the sale of harvested fish against the cash outlay for the acquisition and grow-out of fish biomass and other operating expenses. The investment in farm biomass was limited during the period by the reduced availability of development capital for the business. The Company's Development Plan requires significantly larger net outflow to increase the biomass of the farming operations to provide cost efficiencies and increased cash operating margins. The resulting closing biomass is held as a biological asset in the balance sheet and provides the base for future fish growth and profitability.

Other transactions

Issue of options relating to share placement

In July 2008, the Company issued 10,000,000 options (on a post 1 for 10 share consolidated basis) to acquire ordinary shares following approval at a General Meeting of shareholders on 18 July 2008. These options were issued to Lasborough Investments Limited for no cash consideration in combination with a placement of shares to them during the year ended 30 June 2008.

IV. REVIEW OF FINANCIAL CONDITION

Material uncertainty regarding continuation as a going concern

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The financial report has been prepared on a going concern basis which the directors believe to be appropriate based on discussions with major shareholder groups. The directors are confident that the Group will be able to raise sufficient funding to continue as a going concern and continue to pay its debts as and when they fall due.

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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 report. This includes, but is not limited to, the Group's major assets, being its biological assets, which represent 60% of the Group's current assets and 34% of the Group's total assets.

V. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the reporting period were as follows:

EQUITY FUNDING

The company raised \$2,208,000 (before costs) in cash during the period to fund the grow-out of fish and expansion of the Group's fish farming operations.

DEBT FUNDING

The company borrowed \$775,000 and repaid \$413,000 of its financing facilities during the period.

CORPORATE

Mr Nick Miller resigned as Managing Director of the company on 21 October 2008.

8 Dividends

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

9 Events subsequent to reporting date

During January 2009, 1,100,000 shares were issued to Pattersons Securities Ltd in payment of fees for corporate services carried out on behalf of the Company.

10 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 9 and forms part of the directors' report for the half year ended 31 December 2008.

11 Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



Miles Kennedy
Non-executive Chairman

Dated at Perth this 27th day of February 2009.



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 2008 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 read 'K Smout', written over the printed name.

K Smout
Partner

Perth

27 February 2009

INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

		Consolidated	
<i>In thousands of AUD</i>	Note	December 2008	December 2007
Continuing operations			
Revenue from sales		2,268	791
Gain/(loss) from change in fair value of biological assets		(1,835)	2,423
Other income		15	16
Raw materials and consumables		(2,536)	(2,012)
Personnel expenses		(1,249)	(995)
Administrative and marketing expenses		(867)	(568)
Results from operating activities		(4,203)	(345)
Finance income		5	22
Finance expenses		(77)	(56)
Net finance expense		(72)	(34)
Depreciation and amortisation		(221)	(222)
Loss before income tax		(4,496)	(601)
Income tax benefit		628	6
Loss from continuing operations		(3,868)	(595)
Discontinued operation			
Profit from discontinued operation (net of income tax)	7	-	(951)
Loss for the period		(3,868)	(1,546)
Loss per share			
Basic loss per share (cents)		(5.5)	(0.3)
Diluted loss per share (cents)		(5.5)	(0.3)
Continuing operations			
Basic loss per share (cents)		(5.5)	(0.1)
Diluted loss per share (cents)		(5.5)	(0.1)

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

BALANCE SHEET
AS AT 31 DECEMBER 2008

		Consolidated	
<i>In thousands of AUD</i>		December 2008	June 2008
Assets	Note		
Cash and cash equivalents		358	310
Trade and other receivables		1,571	1,301
Inventories		390	227
Biological assets	8	3,613	5,448
Other assets		18	37
Total current assets		5,950	7,323
Property, plant and equipment	12	4,073	3,915
Intangible assets		471	482
Total non-current assets		4,544	4,397
Total assets		10,495	11,720
Liabilities			
Trade and other payables	13	1,757	2,525
Loans and borrowings	13	1,362	1,000
Employee benefits		79	55
Total current liabilities		3,197	3,580
Net assets		7,297	8,140
Equity			
Share capital	9	28,754	26,255
Reserves	10	1,014	488
Accumulated losses		(22,471)	(18,603)
Total equity		7,297	8,140

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

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

<i>In thousands of AUD</i>	Note	Share capital	Options Reserve	Accumulated losses	Total equity
Consolidated					
Balance at 1 July 2007		25,126	-	(15,058)	10,068
Total income and expense recognised directly in equity		-	-	-	-
Loss for the period		-	-	(1,546)	(1,546)
Total recognised income and expense		-	-	(1,546)	(1,546)
Shares issues		34	-	-	34
Share issue costs		-	-	-	-
Balance at 31 December 2007		25,160	-	(16,604)	8,556
Balance at 1 July 2008		26,255	488	(18,603)	8,140
Total income and expense recognised directly in equity		-	-	-	-
Loss for the period		-	-	(3,868)	(3,868)
Total recognised income and expense		-	-	(3,868)	(3,868)
Issue of options	10	(526)	526	-	-
Share issues	9	3,121	-	-	3,121
Share issue costs		(96)	-	-	(96)
Balance at 31 December 2008		28,754	1,014	(22,471)	7,297

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

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

<i>In thousands of AUD</i>	Note	Consolidated	
		December 2008	December 2007
Cash flows from operating activities			
Cash receipts		2,185	864
Cash paid to suppliers and employees		(4,849)	(3,656)
Cash from (used in) operations		(2,664)	(2,792)
Interest received		5	21
Government grants received		400	347
Other income received		15	63
Net cash from (used in) operating activities		(2,244)	(2,361)
Cash flows from investing activities			
Acquisitions of intangible assets		(9)	(5)
Acquisitions of property, plant and equipment		(360)	(472)
Net cash from (used in) investing activities		(369)	(477)
Cash flows from financing activities			
Proceeds from issue of share capital	9	2,208	1
Payment of transaction costs		(96)	-
Proceeds from borrowings		-	3,000
Repayment of borrowings – related party	13	(150)	-
Proceeds from borrowings – related party	13	775	-
Interest paid on borrowings		(76)	(56)
Net cash from (used in) financing activities		2,661	2,945
Net increase (decrease) in cash and cash equivalents		48	107
Cash and cash equivalents at 1 July		310	892
Cash and cash equivalents at 31 December		358	999

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

NOTES TO THE 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 12 Walker Avenue, West Perth WA 6005. The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2008 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 2008.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The consolidated interim financial report was authorised for issuance by the directors on 26 February 2009.

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 2008.

4. 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. 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 2008.

5. Going concern basis of preparation

Material uncertainty regarding continuation as a going concern

The Group's result from operating activities for the reporting period was a loss of \$4,203,000 (2008: \$345,000). The loss before tax for the period from continuing operations was \$3,868,000 (2008: \$595,000).

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Further working capital and funding for capital expenditure is required to enable the Cone Bay farm site to initially operate at breakeven and then to grow to a scale required to achieve:

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The Development Plan dictates that the business needs to harvest and sell significantly less than the projected total fish biomass growth during the 2009 financial year to expand the biomass of the farm. This planned biomass expansion, predominantly of the fish currently on hand, is subject to harvest licensing approvals and will require significant additional investment capital.

To achieve the planned expansion the Group will require additional working capital to meet ongoing operations.

The Company plans to raise a minimum of \$4,000,000, and ideally up to \$10,000,000, to fund its planned expansion strategy and refinance its debt obligations over the next 12 months. In this regard the Group is currently in discussions with the major shareholders of the Group to progress further funding, whether through additional debt or equity instruments and is currently in the process of formalising access to further funding for the business. Should less than \$4,000,000 of funding be available, the Group would look to slow its expansion strategy and/or harvest fish at less than the current targeted 3kg harvest size to maintain sufficient cash reserves, with a resulting delay in the growth of the scale of the operations until further funding becomes available.

The financial report has been prepared on a going concern basis which the directors believe to be appropriate based on discussions with major shareholder groups. The directors are confident that the Group will be able to raise sufficient funding to continue as a going concern and continue to pay its debts as and when they fall due.

Should further fund raising be unsuccessful and the company not be able to otherwise secure funding from other capital raisings or other alternative funding arrangements, there is material uncertainty which may cast significant doubt as to whether the company and Group will be able 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 report. This includes, but is not limited to, the Group's major assets, being its biological assets, which represent 60% of the Group's current assets and 34% of the Group's total assets.

6. Segment reporting

Segment information is presented in respect of the Group's business segments. The primary format is based on the Group's management and internal reporting structure.

Inter segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segments assets that are expected to be used for more than one period.

6. Segment reporting (continued)

At 31 December 2008 the Group undertakes one activity being the farming of Barramundi at Cone Bay in the Buccaneer Archipelago, North West of Western Australia.

In thousands of AUD

Primary reporting – business segments	Prawns (discontinued operation)		Barramundi (continuing operations)		Consolidated	
	December 2008	December 2007	December 2008	December 2007	December 2008	December 2007
REVENUE						
Sales	-	-	2,268	791	2,268	791
Gain/(loss) from changes in fair value of biological assets	-	-	(1,835)	2,423	(1,835)	2,423
Other operating revenue	-	-	15	16	15	16
Total	-	-	448	3,230	448	3,230
RESULT						
Segment result before income tax	-	(951)	(4,496)	(601)	(4,496)	(1,552)
Income tax benefit/(expense)	-	-	628	6	628	6
Total loss after income tax	-	(951)	(3,868)	(595)	(3,868)	(1,546)

7. Discontinued operation

The prawn farming operation located in Darwin was classified as a discontinued operation in 2007 with the associated assets classified as assets held for sale in the balance sheet at 31 December 2007. This resulted from the decision of the Board in December 2006 to consider the sale of the associated assets due to the prawn farm being uneconomic at 12 hectares of renovated ponds. This property was disposed of on 11 January 2008, with an amount of \$1,008,000 recognised for impairment prior to sale.

8. Biological assets

In thousands of AUD

	Barramundi
Balance at 1 July 2007	2,430
Increase due to growth	3,193
Increase due to acquisitions	20
Decrease due to sales	(791)
Balance at 31 December 2007	4,852
Balance at 1 July 2008	5,448
Increase due to growth	332
Increase due to acquisitions	101
Decrease due to sales	(2,268)
Balance at 31 December 2008	3,613

Harvest volume for the half year was 237,000kg (2008 full financial year 363,000kg). Average harvest weight remained in the 3kg plus range for the period. Due to harvesting and reduced feeding, total farm biomass decreased from 645,000kg at June to 480,000kg as of the end of December 2008.

9. Share capital

Ordinary shares	Shares	AUD'000
On issue at 1 July	592,556,390	26,255
Impact of 1:10 share consolidation (i)	(533,300,686)	-
Issued for cash consideration – placements	8,800,000	708
Issued for cash consideration – entitlement issue	25,006,819	1,500
Issued for offset of loans and creditor balance – entitlement issue (Note 13)	15,223,904	913
Issue of options (Note 10)	-	(526)
Transaction costs	-	(96)
On issue at 31 December – fully paid	108,286,427	28,754

- (i) The Company completed a 1 for 10 consolidation of shares during July 2008. Differences from basic division by 10 are due to fractional round-ups on consolidation of holdings.

10. Issue of options

In July 2008, the Company issued 10,000,000 options (on a post 1 for 10 share consolidated basis) to acquire ordinary shares following approval at a General Meeting of shareholders on 18 July 2008. These options were issued to Lasborough Investments Limited in combination with a placement of shares to them during the year ended 30 June 2008. The fair value of these options has been determined using the Black Scholes valuation model as \$526,000, which has been transferred from share capital to an option reserve during the period.

11. Consolidated entities

No material subsidiary companies have been added to the Group subsequent to those disclosed within the June 2008 Financial Report.

12. Property, plant and equipment

During the interim period the Group acquired property, plant and equipment with a cost of \$349,000 (six months ended 31 December 2007: \$374,000).

Disposals for the interim period were nil (2007: nil).

13. Related parties

An amount of \$788,434 payable by the Company to Denise Hutton and Maxima Pearling Pty Ltd, both related parties of the Company, was settled through the issue of 13,140,571 ordinary shares in the Company under the entitlements issue completed during the period. Of this amount, \$650,000 related to a trade creditor balance and a further \$138,434 related to repayment of interest bearing loans. An amount of \$500,000 was drawn under this loan arrangement during the period, with \$1,362,000 due at 31 December 2008.

An amount of \$275,000 was loaned to the Company by Guy Westbrook, General Manager, during the period. Of this amount, \$125,000 was settled through the issue of 2,083,333 ordinary shares in the Company under the entitlements issue completed during the period. The remaining \$150,000 was repaid in cash during the period.

All other related party disclosures as made in the annual accounts as at and for the year ended 30 June 2008 have continued in nature in this six monthly period. For details of these arrangements, refer to the 30 June 2008 annual financial report.

14. Subsequent events

During January 2009, 1,100,000 shares were issued to Pattersons Securities Ltd in payment of fees for corporate services carried out on behalf of the Company.

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 10 to 17, 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 2008 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) as a result of the matters described in note 5 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:

Dated at Perth this 27th day of February 2009.

A handwritten signature in black ink, appearing to read 'Miles Kennedy', with a stylized, cursive script.

Miles Kennedy
Non-executive Chairman



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

Report on the financial report

We have reviewed the accompanying interim financial report of Marine Produce Australia Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 14 and the directors' declaration set out on pages 10 to 18 of the Group 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 interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 Group's financial position as at 31 December 2008 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 interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 Group's financial position as at 31 December 2008 and of its performance for the interim ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 4 there is material uncertainty which may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

K Smout
Partner

Perth

27 February 2009