28 August 2009

Australian Securities Exchange
Company Announcements Platform

MARINE PRODUCE AUSTRALIA LIMITED (ASX: MPA)
APPENDIX 4E – PRELIMINARY FINAL REPORT (ASX LISTING RULE 4.3A)
FOR THE YEAR ENDED 30 JUNE 2009

Marine Produce Australia operates an expanding ocean-based Barramundi farming business in the Buccaneer Archipelago, in the north-west of Western Australia.

Over the last six 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, quality and recovery rates.

Following forced feed rationing and resulting losses during the first three quarters of the financial year to June 2009, MPA resumed proper feeding levels leading to the rapid restoration of fish biomass and farm scale.

- Farm cash operating costs have now reduced to below $8/kg, against a +$10/kg sales price
- 10 year Development Plan in place for continued farm expansion to commercial scale, including higher capacity 80m sea cages and farm automation
- Improved feed trials to commence to improve the economics of the farming operation
- Broome hatchery planning underway to control fish production and allow selective breeding program
- 1,000,000 kg operating licence imminent
- Tiwi Islands development period extended to May 2010
- $6.68 million entitlements issue announced and underwritten to 70%, to reduce debt and fund further farm development and profitability.

MPA is well placed to capitalise on the increased demand for quality fish products, and plans to increase harvesting capacity from the current level of over 400,000 kg to 2,000,000 kg by 2012 through new sites and licences, and thereafter to a targeted annual harvest volume of 5,000,000 kg.

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

Miles Kennedy
CHAIRMAN

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APPENDIX 4E

PRELIMINARY FINAL REPORT

(LISTING RULE 4.3A)

12 MONTHS ENDED 30 JUNE 2009

1 REPORTING PERIOD AND PREVIOUS CORRESPONDING PERIOD

Reporting period	12 months ended 30 June 2009
Previous corresponding period	12 months ended 30 June 2008

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

				In thousands of AUD
Revenue from sales	up	33%	to	4,322
Loss from continuing operations attributable to members	up	92%	to	(4,875)
Net loss for the period attributable to members	up	38%	to	(4,875)

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

3 FINANCIAL STATEMENTS

The consolidated income statements, balance sheets, statements of changes in equity and statements of cash flows for the reporting period are presented overleaf.

CONSOLIDATED INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated			
In thousands of AUD	**12 months ended June 2009**	**6 months ended June 2009** (i)	**6 months ended Dec 2008** (i)	**12 months ended June 2008** (ii)
Continuing operations				
Revenue from sales	4,322	2,054	2,268	3,245
Gain (loss) from change in fair value of biological assets	(713)	1,122	(1,835)	3,129
Other income	132	117	15	22
Raw materials and consumables	(5,576)	(3,040)	(2,536)	(5,237)
Personnel expenses	(2,037)	(788)	(1,249)	(1,805)
Administration and marketing expenses	(1,658)	(792)	(867)	(1,321)
Results from operating activities	(5,530)	(1,327)	(4,203)	(1,967)
Finance income	7	2	5	33
Finance expenses	(226)	(149)	(77)	(593)
Net finance income (expense)	(219)	(147)	(72)	(560)
Depreciation and amortisation	(418)	(197)	(221)	(415)
Loss before income tax	(6,167)	(1,671)	(4,496)	(2,942)
Income tax benefit (expense)	1,292	664	628	405
Loss from continuing operations	(4,875)	(1,007)	(3,868)	(2,537)
Discontinued operation				
Impairment of property plant and equipment and intangibles	-	-	-	(1,008)
Loss for the period	(4,875)	(1,007)	(3,868)	(3,545)
Loss per share				
Basic loss per share (cents)	(5.4)			(6.8)
Diluted loss per share (cents)	(5.4)			(6.8)
Continuing operations				
Basic loss per share (cents)	(5.4)			(4.9)
Diluted loss per share (cents)	(5.4)			(4.9)

(i) Financial results for the six month periods ended December 2008 and June 2009 have been added to assist understanding of the result for the 12 months ended June 2009.

(ii) For the 12 months ended 30 June 2008, $405,000 relating to R&D tax concessions has been reclassified from other income to income tax benefit (expense).

CONSOLIDATED BALANCE SHEETS

AS AT 30 JUNE 2009

	Consolidated	
In thousands of AUD	**2009**	**2008**
Assets		
Cash and cash equivalents	89	310
Trade and other receivables	1,263	1,301
Inventories	371	227
Biological assets	4,724	5,448
Other assets	19	37
Total current assets	6,466	7,323
Property, plant and equipment	3,829	3,915
Intangible assets	457	482
Total non-current assets	4,286	4,397
Total assets	10,752	11,720
Liabilities		
Trade and other payables	1,593	2,525
Loans and borrowings	2,712	1,000
Employee benefits	83	55
Total current liabilities	4,388	3,580
Net assets	6,364	8,140
Equity		
Share capital	28,828	26,255
Reserves	1,014	488
Accumulated losses	(23,478)	(18,603)
Total equity	6,364	8,140

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

				Consolidated
In thousands of AUD	**Share capital**	**Share based payments reserve**	**Accumulated losses**	**Total equity**
Balance at 1 July 2007	25,126	-	(15,058)	10,068
Total income and expense recognised directly in equity	-	-	-	-
Loss for the period	-	-	(3,545)	(3,545)
Total recognised income and expense	-	-	(3,545)	(3,545)
Share based payments	-	488	-	488
Shares issues	1,159	-	-	1,159
Share issue costs	(30)	-	-	(30)
Balance at 30 June 2008	26,255	488	(18,603)	8,140
Balance at 1 July 2008	26,255	488	(18,603)	8,140
Total income and expense recognised directly in equity	-	-	-	-
Loss for the period	-	-	(4,875)	(4,875)
Total recognised income and expense	-	-	(4,875)	(4,875)
Issue of options	(526)	526	-	-
Share issues	3,187	-	-	3,187
Share issue costs	(88)	-	-	(88)
Balance at 30 June 2009	28,828	1,014	(23,478)	6,364

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated	
In thousands of AUD	**2009**	**2008**
Cash flows from operating activities		
Cash receipts	4,491	2,852
Cash paid to suppliers and employees	(8,978)	(7,120)
Cash from (used in) operations	(4,487)	(4,268)
Interest received	7	34
Income tax receipts	1,029	341
Other income received	124	18
Net cash from (used in) operating activities	(3,327)	(3,875)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	3,262
Acquisitions of intangible assets	(15)	(52)
Acquisitions of property, plant and equipment	(801)	(1,907)
Net cash from (used in) investing activities	(816)	1,303
Cash flows from financing activities		
Proceeds from issue of share capital	2,208	1,126
Payment of transaction costs	(88)	(30)
Proceeds from borrowings	-	3,000
Repayment of borrowings	-	(3,000)
Proceeds from borrowings – related party	2,125	1,000
Repayment of borrowings – related party	(150)	-
Interest paid on borrowings	(173)	(106)
Net cash from (used in) financing activities	3,922	1,990
Net increase (decrease) in cash and cash equivalents	(221)	(582)
Cash and cash equivalents at 1 July	310	892
Cash and cash equivalents at 30 June	89	310

4 OPERATING AND FINANCIAL REVIEW

(i) OPERATING REVIEW - 2009

REVIEW OF 2009

Achievements	Disappointments
20% increase in annual harvesting and sales volumes at average 3kg per fish	Increasing demand and harvest levels combined with lack of funding for fish growth depleted farm biomass for the first three quarters of the period (resumed full feeding for last quarter)
Increase in farm biomass to 626,000t by the end of June 2009 – further growth +700,000t	Withdrawal from some sales markets due to lack of fish supply and size
Detailed 10 year Development Plan for the business	Delays in securing Development plan funding with market uncertainty
Orders placed for conversion of 12 cages (60m) with 720t capacity to 9 cages (80m) with 1,080t capacity to house increasing fish biomass	High operational costs in first three quarters due to lack of growth
Mobilisation of two additional blow feeders, high pressure net cleaner and electronic fish counters. Order for in water fish sizing system to allow automated weight sampling of fish without handling	Severe weather events in Northern Australia in late 2008 (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	Shortage of size fish at end of year limiting sales volumes – next size group expected to start around the end of the September 2009 quarter
Expanded 1,000t operating licence imminent	

MPA has further 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 its ocean grown Barramundi. Demand for product has exceeded our capacity to supply.

Sufficient fish stocks are available to increase production with further funding. Targeted expenditure on capital equipment will also allow larger cage holding capacities, grading equipment for increased fish harvest size and consistency, and further harvest system upgrades to further improve product quality.

FARMING OPERATIONS

Nursery

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.

MPA plans to commission its own hatchery facility in Broome, Western Australia, which when operational will allow the hatchery and nursery functions to be completed at that site prior to the transfer of fingerlings to the farming operations at reduced cost.

Marine Farm

Performance of fish stock was strong during the early part of the reporting period, but difficulties in securing feed in a timely manner saw a decline in growth rates through to the end of the third quarter.

Harvest volume for the half year was 440,000 kg (2008: 363,000 kg). Average harvest weight remained in the 3 kg range for the period. Due to reduced feeding, a net decrease in total farm biomass was recorded from 645,000 kg at the start of the period to 480,000 kg as at December 2008. Biomass has since been restored to 626,000 kg by June 2009.

Fish health has continued to be outstanding, with no significant disease or parasite issues occurring on the marine farm facility. Any minor disease issues with juvenile stock is usually associated with cannibalistic and aggressive behavior during this stage. Marine farm staff strive to continually improve fish performance, and have continued to develop improved fish handling strategies for harvesting and grading activities.

The change from steel to heavy duty plastic nets has been a continued success. 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, subject to funding, 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

Barramundi sales – 2008/2009

Quarter	September 2008	December 2008	March 2009	June 2009	Total YTD
Sales ('000kg)	93	127	140	62	422
Sales ($million)	1.0	1.3	1.4	0.6	4.3

Sales have slowed during the colder winter months in line with the seasonal nature of fish sales and reduced availability of larger fish (greater than 2.5kg) following previous rationing and a strong summer sales season.

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 reporting period 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) OUTLOOK FOR 2010

FARM BIOMASS GROWTH

As previously reported MPA is continuing to restore and grow farm biomass with the elimination of the forced feed rationing program in the first half of the 2009 financial year. Further fish growth has been recorded for the period April to July 2009 for a closing farm biomass approaching 700,000kg, represented by approximately 1 million fish, with sufficient fish now on the farm to cover the first two years of the proposed Development Plan and move toward 2,000,000 kg of biomass.

1 MILLION KG PRODUCTION LICENCE

MPA has received notice from the Office of the Appeals Convenor within the WA Department of Environment that all appeals against the proposed 1 million kg production licence have been satisfactorily dealt with and the new licence conditions have been set. There does not appear to be any other matter to hold up progress and the company therefore believes that the issue of the new licence to Maxima Pearling Company Pty Ltd (accessed by MPA through an Access Agreement with Maxima) is imminent.

COMMERCIAL TRIALS

Feed trials

Background

Feed formulations for Barramundi have historically been based on growth trials using fish of less than 1 kilogram. This compares to MPA's target harvest size of fish of 3.5 kg. The same feed formulations are fed to Barramundi at all sizes up to 3.5 kg, a situation that is likely to result in sub-optimum growth and feed conversion ratios (FCR or feed:growth), leading to the opportunity to change feed formulations above the 1 kg level.

Trials recently conducted by researcher scientists within Fisheries WA, showed that Barramundi over 1 kg are able to grow considerably more quickly when fed diets with increased lipid (oil) content. During this project, fish fed the diet with the highest lipid content grew from a weight of 1.1 to 2.1 kg in just 8 weeks. When these growth rates are adjusted for the ocean-based conditions at Cone Bay, Barramundi weight would exceed 5.4 kg after 2 years, compared to a current achievement of around 3.4 kg for the same period (60% faster growth). Also, feed conversion ratios during the trial were less than 1.4:1 compared to 1.8:1 on our farm using existing diets.

Potential impact

The major improvement to production costs comes with higher average weight, which can be recognised by harvesting fish after a shorter growing period, by selling the extra weight, or by a combination of both. Reducing FCR from 1.8:1 to 1.4:1 means that for every kilogram of fish grown, over 20% less feed is required and the cost of fish production is reduced by up to $2 per kg, a material impact for a farm targeting 5 million kg of biomass and annual harvest.

Commercial trial budget

In an effort to realise these gains, a commercial trial comparing growth of fish fed on the existing diet with fish fed on a diet containing higher levels of lipid (oil) is planned under commercial production conditions at Cone Bay. The trial will be conducted over an estimated 12 month period following the order of trial cages and feed manufacture and will directly overlap with MPA's biomass growth plans under its announced Development Plan.

Estimated cost of the commercial trial (subject to funding):

Fish food	$2.0 million
Bank of cages, nets, automatic feeder (8 cages)	$1.8 million
Total cost of trial	$3.8 million

The trial will be run to compare results from the existing feed formulation (4 cages) to the new formulation (4 cages) as well as variations to optimise stocking densities cross each set of cages.

Conclusion

The Development Plan has been formulated on the assumed growth rates and FCR of the existing feed for all fish up to the 3.5 kg target harvest level. The results expected from this commercial trial will dramatically improve the economics of MPA's operations.

New net and net weighting system trials

MPA is finalising arrangements to undertake a trial of four marine brass nets (each 80m circumference with a 120,000kg biomass capacity) to investigate life spans under high flow conditions and resistance to marine biofouling in tropical marine waters. Use of brass nets generally results in the effective elimination of the need for continuous net cleaning as well as enhanced security against predators, at a higher capital cost.

A second trial is also planned with the existing and additional Kikko plastic nets, involving the addition of rigid base framing and weight rings. This trial is expected to deliver the following benefits:

- Improved net shape and volume under all conditions
- More cost effective net cleaning by providing tighter net surface
- Improved predator protection

BROOME HATCHERY DEVELOPMENT PLANS

Hatchery land lease application

MPA has applied for a lease with the Western Australian Department of Fisheries, for two adjoining blocks of a combined size of 10,000m2 (1Ha) within the Broome Tropical Aquaculture Park ("BTAP"), northern Western Australia, close to the Barramundi farming operations at Cone Bay off Derby.

MPA plans to develop a tropical marine finfish hatchery as a key element of the broader Cone Bay Development Plan. One of the major impediments to the expansion plans for its marine farm in the Kimberley Region has been the lack of reliable local supply of juvenile Barramundi.

The BTAP provides the following infrastructure to each site as part of the nominal head lease fees:

- Filtered sea water
- Saline bore water
- Fresh water
- Waste water discharge
- Access to industrial power
- Planning approval

The expected benefits to MPA in developing its own hatchery facility are:

- Development of a commercial tropical marine finfish hatchery as an essential element to support substantial growth for MPA and in the sea cage finfish aquaculture sector
- Focus hatchery production to ensure meeting the needs of the marine farm through the careful timing of production and culling of poor performing stock
- Support the development of community-based commercial aquaculture projects
- Reduce disease risk by reducing reliance on barramundi fingerlings sourced from other states
- Reduced cost for sourced Barramundi fingerlings into the farming operations
- Allow the commencement of research trials into a Selective Breeding Program (SBP) for Barramundi, to further improve growth rates, feed conversion and product quality
- Potential joint input from Kimberley TAFE to strengthen juvenile production and provide industry focused aquaculture training and employment, including for local indigenous people
- Potential for further hatchery development and commercial production of other finfish species
- Potential commercial sales and restocking for recreational fishing

Capital and operating expenditure is estimated to be $3 million over the initial three year period, included with the Development Plan funding requirements, which will be utilised for:

- Building construction costs
- Live food production
- Incubation and larval rearing
- Broodstock holding facilities
- Nursery facilities (including water recirculation and treatment plant) to be relocated from the Cone Bay farm
- Backup power supply and alarm facilities
- Employment and operating costs

MPA expects that the new hatchery facility will be cost neutral against the current method of sourcing and transporting Barramundi fingerlings from Darwin in the Northern Territory, while delivering the expected operational benefits listed above.

TIWI ISLANDS DUE DILIGENCE SUCCESSFULLY COMPLETED

The Tiwi Islands Project exclusive due diligence period has concluded, with a final letter on MPA's intention to proceed issued to the Tiwi Land Council (TLC). MPA has indicated to the TLC that it has completed its preliminary due diligence work on the project and sees no significant impediments to the development of a marine farm at Snake Bay, Melville Island, subject to final farm design, approvals and funding arrangements.

MPA has secured its intention and extended the exclusivity period to the end of May 2010.

As reported previously, this opportunity has the potential to make a significant contribution to MPA's longer-term growth objectives, including adding further annual biomass harvest capacity to MPA's operations.

MPA is continuing discussions with the TLC with the view of concluding appropriate commercial and funding arrangements for the development of a Barramundi farming operation at Snake Bay, Melville Island.

(iii) 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
- 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.

LICENCING 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.

(iv) REVIEW OF FINANCIAL RESULTS

RESULTS FROM OPERATING ACTIVITIES AND LOSS FOR THE PERIOD

The Group's results from operating activities for the reporting period was a loss of $5,530,000 (2008: $1,967,000). The loss for the period was $4,875,000 (2008: $3,545,000) as presented in the Income Statements.

The following table summarises the results for the reporting period into the two half year periods, extracted from the consolidated Income Statements.

In thousands of AUD	12 months ended	6 months ended	6 months ended
Consolidated	**Jun 2009**	**Jun 2009**	**Dec 2008**
Continuing operations			
Revenue from sales	4,322	2,054	2,268
Gain (loss) from change in fair value of biological assets	(713)	1,122	(1,835)
Other income	132	117	15
Raw materials and consumables	(5,576)	(3,040)	(2,536)
Personnel expenses	(2,037)	(788)	(1,249)
Administration and marketing expenses	(1,658)	(792)	(867)
Results from operating activities	(5,530)	(1,327)	(4,203)

In thousands of AUD and kg	12 months ended	6 months ended	6 months ended
Consolidated	**Jun 2009**	**Jun 2009**	**Dec 2008**
Farm cash operating costs (AUD)	7,613	3,828	3,785
Fish biomass growth before harvest (kg)	421	349	72
Farm cash operating cost per kg	18.08	10.97	52.57

The second half of the reporting period delivered improved financial and operational results with the halting of feed rationing. This had an immediate positive impact on farm cash operating cost per kg as this reduced below $11 per kg from the unsustainable levels seen in the first half of the reporting period, where practically no fish growth was recorded. Following on from this pleasing second half result, current farm cash operating cost per kg has reduced further to below $8 per kg against a +$10 per kg gross sales price which sets the business up well for improved financial results in the 2010 financial year.

LOSS PER SHARE

Basic loss per share for the reporting period was $0.054 per share (2008: $0.068).

Basic loss per share from continuing operations for the reporting period was $0.054 per share (2008: $0.049).

REVENUE

Revenue from sales

Revenue from the sale of fish was $4,322,000 for the period (2008: $3,245,000), an increase in year-on-year sales of 33%.

Harvest levels have continued to increase with 440,000 kg of fish harvest for the period (2008: 363,000 kg) and 422,000 kg sold (2008: 323,000 kg).

Gain (loss) from change in fair value of biological assets

A loss in fish biomass movement of $713,000 compared to the corresponding prior period gain of $3,129,000 resulted from the decrease in biological assets resulting from the ration feeding of fish held in sea cages (affecting growth) in the first half of the reporting period and early 2009 and the impact of continuing increased harvest levels resulting from the demand for the Company's product. A gain of $1,122,000 was recorded for the second half of the reporting period.

Other income

Other income of $132,000 (2008: $22,000 is presented net of $405,000 of R&D tax concessions which have been reclassified to income tax benefit (expense)).

OPERATING COSTS

Overall operating costs and net cash used in operating activities

Unit operating costs have been above expectation with a reduction in fish growth (feeding) reducing the cost efficiency of the farm.

Net cash used in operating activities of $3,327,000 (2008: $3,875,000) 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.

Raw materials and consumables

Sourcing and transport of fish feed is a significant operating cost for the farming operation. The group expects to achieve more favourable unit pricing for feed, transport and other major variable cost elements with expanding scale of operations and automated feeding systems.

Personnel expenses

Increasing labour costs, particularly in the remote Western Australian labour market, have affected the operation with labour more difficult and more expensive to source. The group's expansion plans are designed to increase automation and reduce the group's need for significant additional labour. Savings to personnel expenses have been made when the opportunity has arisen, driven predominantly by targeted capital expenditure on automation.

Administration and marketing expenses

Administration and marketing costs have reduced as a percentage of overall cash outflows as the farming operations have increased in scale over the past two years. Further expansion is expected to further reduce overhead costs combined with increased emphasis on product promotion and logistics.

OTHER TRANSACTIONS

Issue of shares, payables and loans

An amount of $788,000 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 reporting period. Of this amount, $650,000 related to a trade creditor balance and a further $138,000 related to repayment of interest bearing loans.

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 reporting period.

Issue of options relating to share placement

During July 2008, the Company issued 10,000,000 options 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 previous corresponding period. 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 reserves during the reporting period.

Issue of shares to Patersons Securities Ltd

During July 2008, the Company issued 1,100,000 shares to Patersons Securities Ltd in payment of fees for corporate services carried out on behalf of the Company.

(v) REVIEW OF FINANCIAL CONDITION

The Group's result from operating activities for the reporting period was a loss of $5,530,000 (2008: $1,967,000). The loss from continuing operations was $4,875,000 (2008: $2,537,000).

At 30 June 2009, the Group had a working capital surplus of $2,078,000, represented significantly by biological assets of $4,724,000. Included within trade and other receivable is an amount of $661,000 relating to R&D tax benefits for the reporting period.

Current liabilities at balance date include $2,712,000 due to Denise Hutton and Mathry Pty Ltd (an entity related to Denise Hutton), relation to Director John Hutton, which is secured by the assets of the Group and is callable.

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 2010 financial year to continue to expand the biomass of the farm. This planned biomass expansion, predominantly of the fish currently on hand, is subject to further 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 $4,800,000, and ideally up to $10,000,000, to fund its planned expansion strategy and reduce its debt levels over the next 12 months. On 18 August 2009 the company announced and issued a prospectus for a pro rata non-renounceable entitlement issue of 111,386,427 new shares at $0.06 each on the basis of one new share for each 1 share held to raise up to $6,683,000 before costs. The entitlements issue is partly underwritten by Denise Hutton and Lasborough Investments Limited on the terms set out in separate underwriting agreements, with each effectively agreeing to apply and pay for a total of 40,000,000 new shares each for a combined commitment of $4,800,000. During July and August 2009, a total of $2,400,000 was loaned to the Company by Lasborough coinciding with its funding level in its entitlement issue underwriting agreement.

The Group has the ability 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 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 source 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 73% of the Group's current assets and 44% of the Group's total assets.

(vi) SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the group during the reporting period:

EQUITY FUNDING

Share issues	Shares	Cash $	Offsets $	Services $	Total $
Placements	8,800,000	708,000	-	-	708,000
Entitlement Issue	40,230,723	1,500,000	913,000	-	2,413,000
Paterson Securities Ltd	1,100,000	-	-	66,000	66,000
Total	50,130,723	2,208,000	913,000	66,000	3,187,000

DEBT FUNDING

Related party debt funding during the reporting period:

Facility	Opening 1 July 2008	Assignment	Drawn	Repaid in cash	Repaid in shares	Closing 30 June 2009
Faustus Nominees (i)	1,000,000	(1,000,000)	-	-	-	-
Denise Hutton (ii)	-	1,000,000	1,250,000	-	(138,000)	2,112,000
Mathry (ii)	-	-	600,000	-	-	600,000
Guy Westbrook	-	-	275,000	(150,000)	(125,000)	-
Total	1,000,000	-	2,125,000	(150,000)	(263,000)	2,712,000

(i) In February 2008, $1,000,000 was drawn under a 12 month loan agreement with Faustus Nominees Pty Ltd, an entity related to Mr Hutton, a director of the company. The loan was assigned to Denise Hutton during the reporting period and is secured by a charge over the assets of the Group.

(ii) Denise Hutton is related to Mr Hutton, a director of the company, and is associated with Mathry Pty Ltd.

CORPORATE

During October 2008, Mr Nick Miller resigned as an executive director of the Company.

During June 2009, Professor Mehdi Doroudi resigned as a non-executive director of the Company.

SUBSEQUENT EVENTS

Non-renounceable entitlement issue

On 18 August 2009 the company announced and issued a prospectus for a pro rata non-renounceable entitlement issue of 111,386,427 new shares at $0.06 each on the basis of one new share for each 1 share held to raise up to $6,683,000 before costs to continue towards commercialisation of the Group's farming operations.

The entitlements issue is partly underwritten by Denise Hutton and Lasborough Investments Limited (Lasborough) on the terms set out in separate underwriting agreements, with each effectively agreeing to apply and pay for a total of 40,000,000 new shares each for a combined commitment of $4,800,000.

Further important details of the non-renounceable entitlement issue are contained within the prospectus.

Loan funding

During July 2009, an amount of $150,000 was loaned to the Company by Guy Westbrook, General Manager, and repaid during August 2009.

During July and August 2009, a total of $2,400,000 was loaned to the Company by Lasborough coinciding with its funding level in its entitlement issue underwriting agreement.

Issue of shares

During August 2009, 2,000,000 shares were issued to management and contractors of the Company in payment of services rendered.

(vii) ACCOUNTING POLICIES

The accounting policies applied by the group in the financial statements are consistent with those applied by the group in its financial statements as at and for the year ended 30 June 2008 with the exception of receipts from research and development concessions. These concessions were previously recognised within other income and are now classified within income tax benefit (expense) within the Income Statements. For the year ended 30 June 2008, $405,000 relating to R&D tax concessions has been reclassified from other income to income tax benefit (expense).

5 NET TANGIBLE ASSETS PER SECURITY

Reporting period	A$0.054
Previous corresponding period	A$0.129

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.

6 DETAILS OF NEW ENTITIES WITHIN THE 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 results for the period.

The group does not have associates or joint venture operations.

7 STATUS OF THE AUDIT OF THE FINANCIAL REPORT

The financial report for the period being reported is currently in the process of being audited.