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## APPENDIX 4E

### PRELIMINARY FINAL REPORT

(LISTING RULE 4.3A)

12 MONTHS ENDED 30 JUNE 2010

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#### 1 REPORTING PERIOD AND PREVIOUS CORRESPONDING PERIOD

Reporting period	12 months ended 30 June 2010
Previous corresponding period	12 months ended 30 June 2009

#### 2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

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	<i>In thousands of AUD</i>			
Revenue from sales	down	13%	To	3,753
Loss attributable to owners	down	53%	To	3,828
Net loss for the period attributable to owners	down	53%	To	3,828

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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 statements of comprehensive income, financial position, changes in equity and cash flows for the reporting period are presented overleaf.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

<i>In thousands of AUD</i>	Consolidated	
	2010	2009
Revenue from sales	3,753	4,322
Cost of sales	(3,753)	(4,322)
Profit on sales	-	-
Growth in fish biomass:		
Net gain from acquisitions and growth	8,525	3,510
Raw materials and consumables	(6,580)	(5,581)
Personnel expenses	(2,638)	(2,037)
Fair value loss on biological assets	(693)	(4,108)
Administration and marketing expenses	(1,741)	(1,658)
Other income	5	132
<b>Results from operating activities</b>	<b>(2,429)</b>	<b>(5,634)</b>
Finance income	41	7
Finance expense	(308)	(226)
Net finance expense	(267)	(219)
Impairment of property, plant and equipment	(1,662)	(2,666)
Impairment of intangible assets	(11)	(457)
Depreciation and amortisation	(77)	(459)
<b>Loss before income tax</b>	<b>(4,446)</b>	<b>(9,435)</b>
Income tax benefit	618	1,292
<b>Loss for the period: attributable to owners of the company</b>	<b>(3,828)</b>	<b>(8,143)</b>
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive income for the period: attributable to owners of the company</b>	<b>(3,828)</b>	<b>(8,143)</b>
<b>Loss per share</b>		
Basic and diluted loss per share (cents)	(1.5)	(9.1)

*Based on weighted average number of shares; 254,452,272  
(637,170,610 shares on issue at 30 June 2010)*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

<i>In thousands of AUD</i>	Consolidated	
	2010	2009
<b>Assets</b>		
Cash and cash equivalents	4,325	89
Trade and other receivables	817	575
Current tax assets	600	661
Inventories	377	267
Biological assets	9,496	4,724
Other assets	93	18
<b>Total current assets</b>	<b>15,708</b>	<b>6,334</b>
Property, plant and equipment	2,163	1,150
<b>Total non-current assets</b>	<b>2,163</b>	<b>1,150</b>
<b>Total assets</b>	<b>17,871</b>	<b>7,484</b>
<b>Liabilities</b>		
Trade and other payables	520	1,593
Loans and borrowings	-	2,712
Employee benefits	146	83
<b>Total current liabilities</b>	<b>666</b>	<b>4,388</b>
<b>Net assets</b>	<b>17,205</b>	<b>3,096</b>
<b>Equity</b>		
Share capital	46,765	28,828
Reserves	1,014	1,014
Accumulated losses	(30,574)	(26,746)
<b>Total equity</b>	<b>17,205</b>	<b>3,096</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Share capital	Share based payments reserve	Accumulated losses	Consolidated Total equity
<i>In thousands of AUD</i>				
Balance at 1 July 2008	26,255	488	(18,603)	8,140
Loss for the period	-	-	(8,143)	(8,143)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(8,143)	(8,143)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of options	(526)	526	-	-
Share issues	3,187	-	-	3,187
Share issue costs	(88)	-	-	(88)
<b>Balance at 30 June 2009</b>	28,828	1,014	(26,746)	3,096
Balance at 1 July 2009	28,828	1,014	(26,746)	3,096
Loss for the period	-	-	(3,828)	(3,828)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(3,828)	(3,828)
<b>Transactions with owners in their capacity as owners:</b>				
Share issues	18,422	-	-	18,422
Share issue costs	(485)	-	-	(485)
<b>Balance at 30 June 2010</b>	46,765	1,014	(30,574)	17,205

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

<i>In thousands of AUD</i>	Consolidated	
	2010	2009
<b>Cash flows from operating activities</b>		
Cash receipts	3,492	4,491
Cash paid to suppliers and employees	(11,421)	(8,978)
Cash from (used in) operations	(7,929)	(4,487)
Interest received	41	7
Income tax receipts	679	1,029
Other income received	4	124
<b>Net cash from (used in) operating activities</b>	<b>(7,205)</b>	<b>(3,327)</b>
<b>Cash flows from investing activities</b>		
Acquisitions of intangible assets	(20)	(15)
Acquisitions of property, plant and equipment	(2,656)	(801)
<b>Net cash from (used in) investing activities</b>	<b>(2,676)</b>	<b>(816)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	9,954	2,208
Payment of transaction costs	(365)	(88)
Proceeds from borrowings	2,610	-
Proceeds from borrowings – related party	2,451	2,125
Repayment of borrowings – related party	(225)	(150)
Interest paid on borrowings	(308)	(173)
<b>Net cash from (used in) financing activities</b>	<b>14,117</b>	<b>3,922</b>
Net increase (decrease) in cash and cash equivalents	4,236	(221)
Cash and cash equivalents at 1 July	89	310
<b>Cash and cash equivalents at 30 June</b>	<b>4,325</b>	<b>89</b>

## 4 OPERATING AND FINANCIAL REVIEW

### (i) OPERATING REVIEW

- Continued improvement in fish growth and feed conversion.
- Maintenance of strong price premium and orders continue to exceed available supply
- Continued reduction in farm unit operating costs with increasing operating scale
- Pleasing results from new feed trials, further trials to continue in the second half of 2010
- First batches of Barramundi sourced from the Challenger Institute, Fremantle WA
- Growth of 1.0 million kilograms (kg) for the year, increasing farm biomass to 1.27 million kg after harvesting
- Planned expansion of Cone Bay operations to targeted farm biomass of 2.0 million kg
- Secured 1.0 million kg licence (further applications in progress)
- Ongoing investment in new feeding technology and more efficient logistics
- Additional farm service vessel purchased to further improve cost and growth efficiencies
- Key items of expansion infrastructure deployed and stocked
- Cone Bay Barramundi granted recognition under the Sustainable Australian Seafood Assessment Criteria (SASAC) an Australian Conservation Foundation Healthy Oceans Program
- Securing of funding to drive further biomass growth and profitability - \$12.5 million raised in equity
- Repayment of all loans and borrowings – now debt free
- 10 year Development Plan implemented

## (ii) REVIEW OF FINANCIAL RESULTS

### RESULTS FROM OPERATING ACTIVITIES AND LOSS FOR THE PERIOD

The Group's result from operating activities for the reporting period was a loss of \$2,429,000 (2009: \$5,634,000). Total comprehensive income was a loss of \$3,828,000 (2009: \$8,143,000).

The results from operating activities included:

<i>In thousands of AUD</i>	<b>12 months ended Jun 2010</b>	<b>6 months ended Jun 2010</b>	<b>6 months ended Dec 2009</b>
<b>Consolidated</b>			
Profit (Loss) from farming operations	(688)	777	(1,465)
Administration and marketing expenses	(1,741)	(814)	(927)
<b>Results from operating activities</b>	<b>(2,429)</b>	<b>(37)</b>	<b>(2,392)</b>

<i>In thousands of AUD and kg</i>	<b>12 months ended Jun 2010</b>	<b>6 months ended Jun 2010</b>	<b>6 months ended Dec 2009</b>
<b>Consolidated</b>			
Farm cash operating costs (AUD)	9,218	5,229	3,989
Fish biomass growth before harvest (kg)	1,036	686	350
<b>Farm cash operating cost per kg</b>	<b>8.90</b>	<b>7.62</b>	<b>11.40</b>

The second half of the reporting period delivered improved financial and operational results from increasing scale of operations and continued improvement in feeding, growth and conversion ratios. This had an immediate positive impact on farm cash operating cost per kg, reducing below \$8 per kg in the six months to June 2010. Further improvements have been seen in monthly results as unit costs continue to reduce in line with increased farm size and improved feeding and logistics.

### LOSS PER SHARE

Basic and diluted loss per share for the reporting period was \$0.015 per share (2009: \$0.091).

### REVENUE

Revenue from the sale of fish was \$3,753,000 for the period from the sale of 385,000kg, with fish growth increasing farm biomass in preference to short term sales growth.

Total 398,000 kg of fish harvested for the period, representing less than 40% of farm biomass growth.

### IMPAIRMENT

The Group has undertaken a review of the carrying value of its assets and recognised impairment charges for property, plant and equipment of \$1,662,000 and intangible assets of \$11,000, resulting in those assets being carried at their estimated net fair value.

### **(iii) REVIEW OF FINANCIAL CONDITION**

At 30 June 20010, the Group had a working capital surplus of \$15,042,000, represented significantly by biological assets of \$9,496,000.

During the reporting period all loans and borrowings were repaid through the issue of ordinary shares and cash repayment.

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

The Group's Development Plan dictates that the business needs to harvest and sell less than the projected total fish biomass growth to continue to expand the biomass of the farm. This planned biomass expansion is subject to further licensing approvals and required working capital.

The Group has the ability to slow its expansion strategy and/or harvest fish at less than the targeted harvest size to maintain sufficient cash reserves, with a resulting delay in the growth of the scale of the operations.

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

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

### **(iv) SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

#### **EQUITY FUNDING**

During the reporting period 527,784,183 ordinary shares were issued, representing \$18,422,000 of issued capital (before issue costs). Of this amount, \$9,954,000 was issued for cash consideration, \$120,000 for services rendered, \$7,548,000 to repay loans and borrowings and \$800,000 in payment of creditor balances.

#### **DEBT FUNDING**

As at 30 June 2009 the Group had loans and borrowings totalling \$2,712,000. During the reporting period additional loans and borrowings were drawn totalling \$5,061,000, with the full balance repaid through the issue of shares under entitlements issues for \$7,548,000 and cash repayment of \$225,000.

#### **PROPOSED DELISTING FROM ASX**

On 25 February 2010 the Group announced that in order to reduce administration and other overhead costs, allow greater flexibility in future developments and to restore the underlying value of the Group, the Board had resolved subject to all approvals from ASX and other regulatory authorities, to put to shareholders a motion to remove the company from the official list of the ASX.

## **SUBSEQUENT EVENTS**

During July 2010 the Group announced:

- Expiry of 309,055 unlisted options with an exercise price of \$3.00 on 30 June 2010; and
- Issue of 7,166,666 ordinary fully paid shares at \$0.03 per share as part of an entitlements issue shortfall, raising \$215,000.

During August 2010 the Group announced:

- Release from voluntary escrow of 2,000,000 fully paid ordinary shares on 6 August 2010;
- Change in its registered office, principal place of business and contact numbers, effective 26 August 2010; and
- Appointment of Mr Steven Gill as Manager – Post Harvest Development to spearhead an expansion of its marketing program.

## **(v) 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 2009.

## **5 NET TANGIBLE ASSETS PER SECURITY**

Reporting period	A\$0.027
Previous corresponding period	A\$0.028

## **6 DETAILS OF NEW ENTITIES WITHIN THE GROUP**

The Group did not acquire or gain control of any new entities during the reporting 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 reporting period is currently in the process of being audited.