



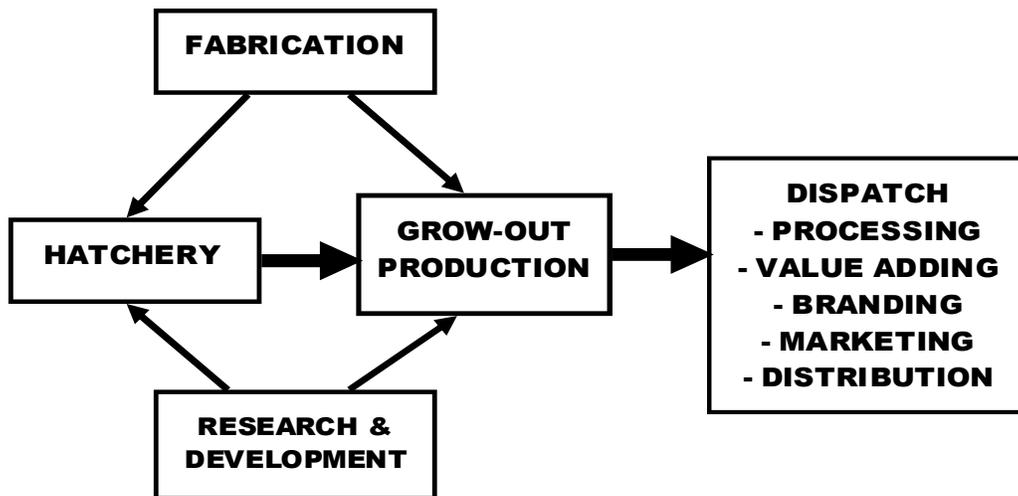
ASX Release - CAQ

Appendix 4E Preliminary Final Report – FY2010

31 August 2010: Cell Aquaculture Limited (ASX: CAQ) advises that the company has achieved a 40% increase in revenue, whilst reducing the loss attributable to members by 51% in the financial year ending 30 June 2010.

The significant reduction in the loss of the company has been achieved through tight cost control and a rationalisation of company operations. The Company maintains a healthy cash position and debt free status, seeing it well poised for the 2011 financial year and a move towards the achievement of profitability.

During the year, the company continued to actively progress the development of its unique vertically integrated 'Hatch to Dispatch' business model:



Hatchery and R & D

Hatchery progress throughout the year has been outstanding from the company's hatchery and research and development operations, located at James Cook University, Townsville, Queensland.

The Company continues to achieve a consistent reliable supply of high quality juvenile fish and now administers an advanced program to optimise hatchery technology and

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operating methods. This program is now in its fifth year of operation, with Commercial and Research and Development objectives continuously evaluated. Today, this facility stands alone as being the leading joint Commercial/R & D Barramundi venture in Australia.

Specific details of operational protocols developed through this program are proprietary and commercially sensitive, however the success of this facility is characterised by use of:

- Technical infrastructure that optimises water and environment conditions, whilst minimising the operating footprint;
- Sophisticated operational protocols incorporating bio-security and fish health management;
- Sophisticated nutritional management protocols;
- Quality Assurance Selection Protocols (Proprietary methods developed to identify 'genetic tracers' and isolate fast growing fish).

One of the key goals for the Company has been to develop highly efficient hatchery operations, which can effectively be transposed to another production location, whilst still optimising biological predictability and commercial viability.

The now highly developed Cell Hatchery concept offers the distinct advantages of:

- Direct control over timing of supply;
- Reduced operating costs;
- Increased bio-security by removing 'foreign' risks;
- Ability for species-specific hatcheries to be tied to each production facility that they serve.

As a result of significant research and development over the last five years, output from the same Cell Hatchery footprint has increased by over 500%. Given the significant success of this program, the Company's R & D in this area still continues, with the ultimate goal to perfect this part of the aquaculture supply chain and be a world leader in hatchery supply.

This goal is being met for Barramundi and other species are now under investigation. Current R & D is focused on new species development, whilst more advanced work is underway for Barramundi in the areas of selective breeding and fingerling selection protocols, to further improve the quality of seed stock for commercial operations. This activity directly enhances productivity and profitability of the production ventures.

Fabrication and R & D

The Company continues to operate its fabrication facilities, enabling the manufacture of key proprietary components. Whilst the Company has been awaiting a number of projects to progress from MOU stage to Contract stage, the Company has been manufacturing and stockpiling various key components, to enable a shorter lead-time to production once the projects are fully committed. The Company has also maintained a strong emphasis on R & D of new components and production techniques throughout the year.

Grow-Out Production

During the year, the Company has progressed a number of MOU's to develop grow-out production operations. The advancement of these projects has been hindered primarily by the lengthy lead-times and cumbersome processes of gaining all relevant approvals in

the various regions. This has been a source of great frustration for the company and has stifled the Company's ability to move forward at its desired pace.

As production commencement delays continued as a result of lengthy lead-times, the Board recently made the decision to take a pro-active approach and aim to source a suitable 'low-cost' production location, with all relevant approvals in place, to enable the establishment of a 100% company owned, commercial scale grow-out production operation. This will enable the Company to complete its vertically integrated 'Hatch to Dispatch' business model on a true commercial scale and propel the Company towards profitability.

The Company is pleased to advise that it has now successfully sourced an outstanding grow-out production opportunity, located in a low cost environment with all relevant approvals in place to commence the staged development of a 100% company owned 500+ tonne production facility. This represents a significant step forward for the Company and will effectively fast-track production by as much as twelve months.

The Company is in the final stages of negotiating the terms of this production opportunity and will provide further details as it materialises.

Dispatch – Processing, Value-adding, Marketing, Branding and Distribution

Subsequent to the 2010 financial year, the Company recently established a wholly owned subsidiary 'Cell Aqua Foods Pty Ltd' - a fully operational, food processing, value-adding, packaging and marketing division.

The Company acquired the assets, customer base and product range from an existing food processing business and established a new facility located in Osborne Park, Western Australia. The acquisition of an existing business and distribution network, including numerous supermarkets, restaurants and catering customers, offers Cell Aquaculture instant cash flow from the operations, whilst providing a solid platform for the company to further develop its product range and distribution network.

Cell Aqua Foods Pty Ltd has secured the services of a local award winning chef with over 15 years experience in food processing and new product development. A range of unique smoked and value-added Australian Barramundi products have now been developed, which are being actively marketed under the Company's 'Eco-Star™' brand. The Company is now in the process of developing commercial scale production of these products.

The first quarter of the 2011 financial year is being spent on rationalising and streamlining the Cell Aqua Foods business, followed by an aggressive growth strategy to expand the product range and distribution network – creating further markets for the 'Grow-out Production' outlined above.

Produce from Cell Aqua Foods will be showcased at the upcoming 'Fine Food Australia & Hospitality Exhibition', held at the Melbourne Convention Centre on 13 - 16 September.

Revenues from Cell Aqua Foods Pty Ltd have not been realised in the 2010 financial year.

Summary

Due to the extensive lead-times to obtain relevant approvals in various target production regions, progress during the 2010 financial year has been slower than expected, however the Company is now well 'on-track' with a pro-active strategy, the right 'proven' business model and a highly committed and dedicated team, ready to 'make it happen'.

Having secured investment from a key cornerstone investor during the year, the Company maintains a healthy cash position, debt free status, and is well poised for the 2011 financial year and a move towards the achievement of profitability.

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Cell Aquaculture Ltd (Australia) – www.cellaqua.com

Headquartered in Western Australia, Cell Aquaculture Limited is an international aquaculture company, publicly listed on the Australian Securities Exchange (ASX). Cell Aquaculture supplies a full range of environmentally sustainable, vertically integrated seafood production services – encompassing everything from 'Hatch to Dispatch'.

Developed over twelve years the Cell™ propriety system is a complete land based environmentally responsible aquaculture system developed for the production and supply of premium quality fin-fish. Cell Aquaculture has established hatchery operations for Australian Barramundi at James Cook University, Queensland, and has also commenced production trials on a range of further 'high value' premium species for commercial production.

Cell Aquaculture has developed large scale land-based recirculating seafood production facilities in Terengganu, Malaysia and is now also progressing an opportunity to develop further Malaysian production, as well as a 'high value' species facilities in South Africa and Singapore.

Cell Aquaculture supplies and installs growing systems, manages the operations, as well as sales and marketing of finished product.

Appendix 4E

Preliminary Final Report

Name of entity

Cell Aquaculture Limited

ACN

091 687 740

Reporting Period

Year ended 30 June 2010

Previous Corresponding Period

Year ended 30 June 2009

Results for announcement to the market

				\$A'000
Revenues from continuing operations	Up	40%	to	538
Loss from continuing operations after tax	Down	49%	to	(1,005)
Loss for the year attributable to members	Down	51%	to	(985)
Dividends (distributions)	Amount per security		Franked amount per security	
Final and interim dividend	None		- ¢	
Record date for determining entitlements to the dividend	N/A			

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PRELIMINARY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated	
		2010	2009
		\$	\$
Revenue from continuing operations	2	538,717	385,003
Foreign currency gain		(10,659)	12,429
Loss on disposal of plant and equipment		-	(19,183)
Raw materials and consumables used		(8,815)	(319,501)
Legal settlement		(14,292)	(12,260)
Marketing expenses		(3,995)	(13,757)
Communication expenses		(3,268)	(8,690)
Consultancy expenses		(575,094)	(399,665)
Employee benefits expense		(547,059)	(556,266)
Insurance expenses		(31,335)	(21,178)
Occupancy Costs		(19,785)	(156,209)
Professional Costs		-	(119,394)
Travel Costs		(69,843)	(87,727)
Depreciation and amortisation expense		(12,096)	(525,653)
Finance costs		(271)	(527)
Impairment charge – capitalised research costs		-	(192,343)
Cancellation of share based payment		-	176,625
Other expenses		(330,992)	(69,280)
Share based payments		(14,000)	(82,863)
Share of net losses of associates using the equity method		-	(187,350)
Loss from continuing operations before Income Tax Benefit		(1,102,787)	(2,197,789)
Income tax benefit		97,245	204,862
Loss for the year		(1,005,542)	(1,992,927)
Other comprehensive income			
Exchange differences on foreign currency translation		(11,906)	5,435
Total comprehensive income for the year		(1,017,448)	(1,987,492)
Loss is attributable to:			
Owners of Cell Aquaculture Ltd		(985,774)	(2,004,592)
Non-controlling interests		(19,768)	11,665
		(1,005,542)	(1,992,927)
Total comprehensive income for the year is attributable to:			
Owners of Cell Aquaculture Ltd		(996,490)	(1,999,157)
Non-controlling interests		(20,958)	11,665
		(1,017,448)	(1,987,492)
		Cents Per Share	Cents Per Share
Basic (loss) per share	6	(0.55)	(1.31)
Diluted (loss) per share		(0.55)	(1.31)

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PRELIMINARY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated	
		2010	2009
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,656,495	450,857
Trade and other receivables		854,037	481,317
Inventories		90,000	90,000
TOTAL CURRENT ASSETS		3,600,532	1,022,174
NON CURRENT ASSETS			
Receivables		3,417	-
Property, plant and equipment		124,325	54,703
TOTAL NON CURRENT ASSETS		127,742	54,703
TOTAL ASSETS		3,728,274	1,076,877
CURRENT LIABILITIES			
Trade and other payables		297,488	265,440
TOTAL CURRENT LIABILITIES		297,488	265,440
NON CURRENT LIABILITIES			
Borrowings		-	13,162
TOTAL NON CURRENT LIABILITIES		-	13,162
TOTAL LIABILITIES		297,488	278,602
NET ASSETS		3,430,786	798,275
EQUITY			
Contributed equity	4	18,194,635	14,544,676
Accumulated losses		(15,507,917)	(14,522,143)
Reserves		765,026	775,742
Parent entity interests		3,451,744	798,275
Non-controlling interests		(20,958)	-
TOTAL EQUITY		3,430,786	798,275

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**PRELIMINARY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

Consolidated	Contributed equity	Accumulated losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total	Non- controlling Interest	Total
Balance at 1.7.2008	13,794,676	(12,517,551)	897,765	(33,296)	2,141,594	(11,665)	2,129,929
Loss for the year	-	(2,004,592)	-	-	(2,004,592)	11,665	(1,992,927)
Exchange difference on translation of foreign operations	-	-	-	5,435	5,435	-	5,435
Total comprehensive income for the period	-	(2,004,592)	-	4,891	(1,999,701)	12,209	(1,987,492)
Transactions with owners in their capacity as owners:							
Issue of shares	750,000	-	-	-	750,000	-	750,000
Share based payments	-	-	(94,162)	-	(94,162)	-	(94,162)
Balance at 30.06.2009	14,544,676	(14,522,143)	803,603	(27,861)	798,275	-	798,275
Balance at 1.7.2009	14,544,676	(14,522,143)	803,603	(27,861)	798,275	-	798,275
Loss for the year	-	(985,774)	-	-	(985,774)	(19,768)	(1,005,542)
Exchange difference on translation of foreign operations	-	-	-	(10,716)	(10,716)	(1,190)	(11,906)
Total comprehensive income for the period	-	(985,774)	-	(10,716)	(996,490)	(20,958)	(1,017,448)
Transactions with owners in their capacity as owners:							
Issue of shares	3,649,959	-	-	-	3,649,959	-	3,649,959
Balance at 30.06.2010	18,194,635	(15,507,917)	803,603	(38,577)	3,451,744	(20,958)	3,430,786

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**PRELIMINARY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated	
		2010	2009
		\$	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		150,000	197,414
Grant received		-	39,647
Interest received		47,767	26,036
Borrowing costs		-	(527)
Payments to suppliers and employees		(1,659,504)	(1,915,620)
Income tax refund		-	204,862
Net cash outflow from operating activities	5	(1,461,737)	(1,448,188)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(65,084)	-
Proceeds from Sale of Property, Plant and Equipment		-	10,000
Net cash (outflow) inflow from investing activities		(65,084)	10,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Share Issues		3,732,459	648,500
Repayment – Lease Liabilities		-	(15,909)
Net cash inflow from financing activities		3,732,459	632,591
Net increase (decrease) in cash and cash equivalents		2,205,638	(805,597)
Cash and cash equivalents at the beginning of the financial year		450,857	1,257,864
Effects of exchange rate changes on cash and cash equivalents		-	(1,410)
Cash and cash equivalents at end of year	3	2,656,495	450,857

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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 1: Summary of significant accounting policies

(a) Basis of Preparation

This preliminary final report for the year ended 30 June 2010 relates to the consolidated entity consisting of Cell Aquaculture Limited (the Company) and each of its subsidiaries.

The preliminary final report has been prepared on a historical cost basis except for the revaluation of certain non-current assets and financial instruments or where otherwise stated.

Cost is based on the fair value of consideration given in exchange for assets.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report of the year ended 30 June 2010 and any public announcements made by Cell Aquaculture Limited during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The amounts contained in this preliminary report are presented in Australian dollars, the functional and presentation currency of Cell Aquaculture Ltd.

Financial statement presentation

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. Additionally, the Corporations Amendment (Corporate Reporting Reform) Bill 2010 which became effective on 28 June 2010 dictates that parent entity financial statements are no longer required. As a result, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Statement of Compliance

The preliminary final report is a general-purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. The preliminary final report is also in compliance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

(c) Principles of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being Cell Aquaculture Limited ("Company" or "Parent Entity") and its subsidiary as defined in AASB 127: *Consolidated and Separate Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of the subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Investments in subsidiaries are accounted for at cost in the financial report of Cell Aquaculture Limited.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively. Total comprehensive income is attributable to the owners of Cell Aquaculture Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Note 2: Revenue

	Consolidated	
	2010	2009
	\$	\$
Revenue from continuing operations		
- Sale of produce and goods	490,950	319,320
- Interest received	47,767	26,036
- Other – Export Market Development Grant	-	39,647
Total revenue	538,717	385,003

Note 3: Current assets - Cash and cash equivalents

Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position, as follows:

	Consolidated	
	2010	2009
	\$	\$
Current Assets		
Cash at bank and in hand	2,656,495	450,857
Net Cash	2,656,495	450,857

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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 4: Contributed Equity

	Consolidated	
	2010	2009
	\$	\$
(a) Ordinary shares*	18,194,635	14,544,676
Total consolidated contributed equity	18,194,635	14,544,676

* Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in ordinary share capital

	Issue Price	No.	\$
Balance as at 1 July 2008		150,461,440	13,794,689
Shares issued in June 2009	\$0.06	12,500,000	750,000
Closing balance		162,961,440	14,544,689
Balance as at 1 July 2009		162,961,440	14,544,689
Shares issued in November 2009	\$0.07	5,000,000	350,000
Shares issued in February 2010	\$0.07	5,000,000	350,000
Shares issued in February 2010	\$0.115	3,600,000	414,000
Shares issued in February 2010	\$0.09	1,511,111	136,000
Shares issued in February 2010	\$0.096	25,000,000	2,400,000
Shares issued in February 2010	\$0.07	200,000	14,000
Transaction costs			(14,054)
Closing balance		203,272,551	18,194,635

Note 5: Reconciliation of loss after income tax to net cash flow from operating activities

	Consolidated	
	2010	2009
	\$	\$
Operating loss after income tax	(1,005,542)	(1,992,927)
Loss on sale of non-current assets	-	19,180
Depreciation of non-current assets	12,096	19,664
Amortisation/ Impairment of Intangibles	-	698,332
Share of net losses of associates	-	187,350
Share based payments	14,000	(94,162)
Other	(125,040)	(12,429)
Changes in net assets and liabilities:		
<i>(Increase)/decrease in assets</i>		
- Current receivables	(372,720)	(132,854)
- Non-current receivables	(3,417)	-
<i>Increase/(decrease) in liabilities</i>		
- Current trade creditors and payables	32,048	(140,342)
- Borrowings	(13,162)	-
Net cash provided by (used in) operating activities	(1,461,737)	(1,448,188)

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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 6: Loss per Share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in net loss per share.

The following reflects the income and share data used in the basic loss per share computations:

	Consolidated	
	2010	2009
	\$	\$
Loss attributable to ordinary equity holders	985,774	2,004,592
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	Number 179,146,280	Number 152,345,002
Basic and diluted loss per share	Cents/share (0.55)	Cents/share (1.31)

Note 7: Segment information

(a) Description of Segments

The board of directors has determined the operating segments based on geographical location. The group has two reportable segments; namely, Australia and Malaysia, which are the Group's strategic business units.

The Australian segment incorporates the company's hatchery, fabrication, corporate and administration headquarters, and food-processing. The financial information related to food-processing business is immaterial and thus, it is not reported as a separate segment for the financial year ended 30 June 2010. The Malaysian segment incorporates corporate office, Terengganu based facility and any future Malaysian based projects.

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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

(b) Segment Information

(i) Year ended 30 June 2010

In AUD	Australia		Malaysia		Total	
	2010	2009	2010	2009	2010	2009
Total segment revenue	338,568	278,914	372,964	259,842	711,532	538,756
Inter-segment revenue	(220,581)	(153,753)	-	-	(220,581)	(153,753)
External Revenues	117,987	125,161	372,964	259,842	490,951	385,003
Reportable segment loss before income tax	(202,028)	-	(179,555)	(411,087)	(381,583)	(411,087)
Reportable segment assets	790,425	511,443	718,150	330,514	1,508,575	841,957
Reportable segment liabilities	-	136,247	563,741	447,779	563,741	584,026

(ii) Reconciliation of reportable segment loss

Profit or Loss (In AUD)	2010	2009
Total loss for reportable segments	(381,583)	(411,087)
Unallocated Amounts:	(721,204)	(1,786,702)
Consolidated loss before income tax benefit	(1,102,787)	(2,197,789)

Note 8: Events occurring after the reporting period

Cell Aqua Foods Pty Ltd subsequently acquired plant and equipment and the registered business name (Providores Kitchen) necessary to carry on food-processing activities. The acquisition was completed on 1 July 2010. This acquisition had no impact on profit or loss of the consolidated entity for the year ended 30 June 2010.

Note 9: Contingent liabilities

The Directors are not aware of any contingent liabilities as at the date of this report.

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OTHER APPENDIX 4E INFORMATION

1. NTA backing

Net tangible asset backing per ordinary share

30 June 2010	30 June 2009
\$ 0.017	\$ 0.005

2. Dividends

There were no dividends declared during the year and the directors do not recommend that any dividend be paid.

3. Dividend reinvestment plans

N/A.

4. Details of entities over which control has been gained or lost during the period

Refer Note 8 of the preliminary financial statements.

5. Details of associates and joint ventures

The carrying value of interests in associated entities is nil.

6. Audit

This report is based on accounts, which are in the process of being audited.

Sign here:



(Director)

Date: 31 August 2010

Print name: Perryman James Leach

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