

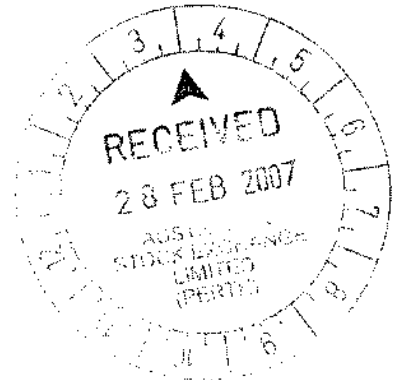
CERVANTES SEAFOOD LTD

(IN LIQUIDATION)

ABN 79 097 982 235

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2006



**CERVANTES SEAFOOD LIMITED
(IN LIQUIDATION)
DIRECTOR'S REPORT**

The directors present their report together with the financial report for the half-year ended 31 December 2006 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:

<i>Name</i>	<i>Period of directorship</i>
Mr Barry MacKinnon <i>Non-executive Chairman</i>	Director since August 2001
Mr Chen Hao <i>Non-executive Director</i>	Director since August 2002
Mr William McSharer <i>Non-executive Director</i>	Appointed 17 March 2004
Mr Robert Grover <i>Director</i>	Appointed 19 May 2004

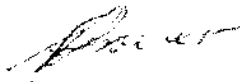
2. Results

The loss of the Company for the half-year was \$51,319 (2005 loss of \$90,322) after income tax of nil (2005: nil).

3. Review of Operations

On the 1st November, 2004 the Board resolved to appoint an administrator under section 436A of the Corporations Act. The appointee was Gary Anderson of Gary Anderson Chartered Accountants. The Company ceased operations on this date.

Signed in accordance with a resolution of the directors.



**ROBERT GROVER
DIRECTOR**

Dated at Perth, Western Australia this ^{1st} 26 day of February 2007.

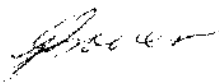
**CERVANTES SEAFOOD LIMITED
(IN LIQUIDATION)
DIRECTOR'S DECLARATION**

The company was placed in liquidation on 25th January 2005. Consequently the company's accounting records were maintained by the liquidator to the extent of the transactions within his control. The Directors have therefore had to rely on these records and other information available to prepare the financial statements.

In the opinion of the Directors of Cervantes Seafood Limited:

- (a) the financial statements and notes, set out on pages 3 to 7, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) the ability of the Company to meet its debts as and when they fall due would depend on the realisation of adequate amounts from the disposal of its assets and amounts due from debtors.

Signed in accordance with a resolution of the directors.



**ROBERT GROVER
DIRECTOR**

Dated at Perth, Western Australia this ¹⁴14th day of February 2007.

CERVANTES SEAFOOD LIMITED
(IN LIQUIDATION)
INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Note	31 December 2006	31 December 2005 \$
Revenue from sale of goods		-	-
Other income		1	14,567
Total revenue		1	14,567
Cost of goods sold		-	-
		1	14,567
Operational and marketing expenses		-	-
Property, plant and equipment, and intangibles written down.		-	-
Doubtful debts written off		-	-
Administration Fees and Expenses		(21,942)	(78,970)
Administrative expenses		(29,378)	(25,904)
Depreciation and amortisation expenses		-	-
Borrowing costs		-	(15)
Loss on Disposal of assets		-	-
		(51,320)	(104,889)
Loss from ordinary activities before related income tax benefit		(51,319)	(90,322)
Income tax benefit relating to ordinary activities		-	-
Loss from ordinary activities after related income tax benefit		(51,319)	(90,322)

CERVANTES SEAFOOD LIMITED
(IN LIQUIDATION)
BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	31 December 2006 \$	30 June 2006 \$
CURRENT ASSETS			
Cash assets		10,736	63,147
Receivables		-	-
Inventories		-	-
Other		31,444	30,352
Total Current Assets		42,180	93,499
NON CURRENT ASSETS			
Property, plant & equipment		1,500	1,500
Other financial assets		-	-
Intangible assets		490,000	490,000
Total Non Current Assets		491,500	491,500
TOTAL ASSETS		533,680	584,999
CURRENT LIABILITIES			
Payables		-	-
Interest bearing liabilities		-	-
Provisions		-	-
Total Current Liabilities		-	-
NON CURRENT LIABILITIES			
Interest bearing liabilities		-	-
Total Non Current Liabilities		-	-
TOTAL LIABILITIES		-	-
NET ASSETS		533,680	584,999
EQUITY			
Contributed equity	2	10,633,869	10,633,869
Accumulated losses	3	(10,100,189)	(10,048,870)
TOTAL EQUITY		533,680	584,999

CERVANTES SEAFOOD LIMITED
(IN LIQUIDATION)
CASHFLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	31 December 2006 \$	31 December 2005 \$
Cashflows from operating activities		
Cash receipts in the course of operations	1	23,370
Cash payments in the course of operations	(52,412)	(127,833)
Dividends received	-	-
Interest received	-	-
Interest paid	-	-
Net cash used in operating activities	(52,411)	(104,463)
Cashflows from investing activities		
Payments for purchase of property, plant and equipment	-	-
Cash acquired on acquisition of INF Pty Ltd business	-	-
Loans to other entities	-	-
Net cash provided by/(used in) investing activities	-	-
Cashflows from financing activities		
Repayment of lease	-	-
Proceeds of borrowings	-	-
Repayment of borrowings	-	-
Net cash provided by/(used in) financing activities	-	-
NET (DECREASE)/INCREASE IN CASH HELD	(52,411)	(104,463)
Cash at the beginning of the half year	63,147	608,884
Cash at the end of the half year	10,736	504,421

CERVANTES SEAFOOD LIMITED
 (IN LIQUIDATION)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF – YEAR ENDED 31 DECEMBER 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Operations Ceased

The Company ceased operating on the 1st November 2004.

(b) Basis of Preparation of Half-Year Financial Report

The half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2005 Annual Financial Report and any public announcements made by the Company during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values. All non-current assets have been revalued to realisable values as at 31 December 2005.

These accounting policies are consistent with those applied in the 30 June 2005 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report, and should be read in conjunction with the annual financial report for the year ended 30 June 2005.

2. CONTRIBUTED EQUITY

	31 December 2006 \$	30 June 2006 \$
Issued and Paid-Up Capital		
122,011,112 fully paid ordinary shares (30 June 2005: 122,011,112)	10,633,869	10,633,869

The following movements in share capital occurred during the period:

	Number of Ordinary Fully Paid Shares	Issued Capital \$
Balance 1 July 2006	10,633,869	10,633,869
• Issue of shares to Company's fishing fleet for long term commitment and loyalty at nil consideration	-	-
Balance 31 December 2006	10,633,869	10,633,869

**CERVANTES SEAFOOD LIMITED
(IN LIQUIDATION)
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE HALF – YEAR ENDED 31 DECEMBER 2006**

Options

The following options to subscribe for ordinary fully paid shares:

- 40,486,111 quoted options exercisable at 20 cents each on or before 31 August 2005.

No options were granted or exercised in the half-year and all options expired during the period.

3. ACCUMULATED LOSSES	31 December 2006 \$	31 December 2005 \$
Accumulated losses at the beginning of the half-year	(10,048,870)	(9,934,812)
Loss for the period	<u>(51,319)</u>	<u>(90,322)</u>
Accumulated losses at the end of the half-year	<u>(10,100,189)</u>	<u>(10,025,134)</u>

4. EVENTS SUBSEQUENT TO REPORTING DATE

On 25 January 2005, the Company's creditors resolved, under section 439C of the Corporations Act, to wind up the Company and the administrator assumed the role of liquidator.

The financial effects of the above appointment have been brought to account in the financial statements for the half-year ended 31 December 2006.

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF CERVANTES SEAFOOD LIMITED
(IN LIQUIDATION)**

SCOPE

The financial report and directors' responsibility

The financial report comprises the Balance Sheet, Income Statement and Cashflow Statement, accompanying notes to the financial statements, and the director's declaration for Cervantes Seafood Limited (the company), for the half-year ended 31 December 2006.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. In this regard we refer to the statement by the Directors in their declaration regarding the basis of preparation of these financial statements.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's, financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

QUALIFICATION

Limitation of Scope

The company was placed in administration on 1st November 2004 on which date it ceased its commercial operations. Subsequently, on 25th January 2005, the company appointed a liquidator in accordance with a creditors' resolution. The accounting records for the period have been prepared from documentation and information provided by the administrator/liquidator. There is also no evidence of the company having complied with some of its statutory obligations, such as, filing of income and payroll tax returns. We have therefore not been able to satisfy ourselves as to the completeness of the information in the company's accounting records.

Non-compliance with Corporations Act and Accounting Standards

The financial report does not contain many of the disclosure and financial reporting requirements of the Corporations Act and the Australian Accounting Standards and therefore limits the usefulness of the report as a general purpose financial statement.

Going Concern Assumption

The company had been placed in liquidation during the period covered by this report due to its inability to meet its financial obligations. However, the financial report has been prepared on a going concern basis and does not reflect the amounts realised from its debtors and from the disposal of its other assets, and amounts paid in settlement of its liabilities subsequent to the balance date.

STATEMENT

Based on our review, which is not an audit, in our opinion, except for the effects on the financial report of the matters referred to in the qualification paragraph, the financial report of Cervantes Seafood Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Cervantes Seafood Limited at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

BENTLEYS MRI PERTH PARTNERSHIP

MAURICE L ANGHIE
PARTNER

DATED at PERTH this day of January 2007.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CERVANTES SEAFOOD LIMITED
(IN LIQUIDATION)**

SCOPE

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cervantes Seafood Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Cervantes Seafood Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting an applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Cervantes Seafood Limited's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cervantes Seafood Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provide to the directors of Cervantes Seafood Limited on February 2007, would be in the same terms if provided to the directors as a the date of this auditor's review report.

QUALIFICATION

Limitation of Scope

The company was placed in administration on 1st November 2004 on which date it ceased its commercial operations. Subsequently, on 25th January 2005, the company appointed a liquidator in accordance with a creditors' resolution. The accounting records for the period have been prepared from documentation and information provided by the administrator/liquidator. There is also no evidence of the company having complied with some of its statutory obligations, such as, filing of income and payroll tax returns. We have therefore not been able to satisfy ourselves as to the completeness of the information in the company's accounting records.

Non-compliance with Corporations Act and Accounting Standards

The financial report does not contain many of the disclosure and reporting requirements of the Corporations Act and the Australian Accounting Standards and therefore limits the usefulness of the report as a general purpose financial statement.

Going Concern Assumption

The company had been placed under administration during the period covered by this report due to its inability to meet its financial obligations. However, the financial report has been prepared on a going concern basis and does not reflect the amounts realised from its debtors and from the disposal of its other assets, and amounts paid in settlement of its liabilities subsequent to the balance date.

CONCLUSION

Based on our review, which is not an audit, in our opinion, except for the effects on the financial report of the matters referred to in the qualification paragraphs, we have not become aware of any matter that makes us believe that the half-year financial report of Cervantes Seafood Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*.

BENTLEYS MRI PERTH PARTNERSHIP



MAURICE L. ANGHIE
PARTNER

DATED at PERTH this 20th day of February 2007.

**APPENDIX 4D
HALF YEAR REPORT
CERVANTES SEAFOOD LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

Name of Entity:	Cervantes Seafood Limited	
1. Details of the current and prior reporting period		
Current period:	1 July 2006 to 31 December 2006	
Prior period:	1 July 2005 to 31 December 2005	
2. Results for announcement to the market:		
		\$
2.1 Revenues from ordinary activities	Down 100% to	1
2.2 Profit (loss) from ordinary activities after tax attributable to members	Up 43% to	(51,319)
2.3 Net profit (loss) for the period attributable to members	Up 43% to	(51,319)
2.4 Dividend distributions	Amount per security	Franked amount per security
No final dividend has been proposed	Nil	Nil
2.5 Record date for determining entitlements to the dividend		N/A
2.6 Explanation of any figures in 2.1 to 2.5 that may be required		Not necessary
	Current Period	Previous Corresponding Period
3. Net tangible asset backing per ordinary security	0.0041	0.0089cents
4. Control gained or lost over entities during the period		
4.1 Name of entity	Nil	N/A
4.2 The date of the gain or loss of control	Nil	Nil
4.2.1 Where material, the contribution of such entities to the reporting entity's profit (loss) from ordinary activities	Nil	Nil
4.2.2 Where material, the contribution of such entities to the reporting entity's profit (loss) from ordinary activities during the whole of the previous corresponding period	Nil	Nil
5. Distributions to shareholders		N/A
6. Dividend reinvestment plan details		N/A
7. Joint Venture and associate details		N/A
8. Foreign entities accounting standards used		N/A
9. Audit/review of accounts upon which this report is based		Review
10. Qualifications of Audit/Review		Yes – Limitation on scope

Compliance Statement

1. An interim report for the half year ended 31 December 2006 is provided with the Appendix 4D information.
2. The interim report and the accounts, upon which the report is based, have been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus.
3. This report, and the accounts upon which the report is based, use the same accounting policies.
4. This report gives a true and fair picture of the matter disclosed.
5. This report is based on accounts to which one of the following applies:

<input checked="" type="checkbox"/> The accounts have been audited.	<input type="checkbox"/> The accounts have been subject to review.
<input type="checkbox"/> The accounts in the process of being audited or subject to review.	<input type="checkbox"/> The accounts have not yet been audited or reviewed.
6. If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.
7. The entity does have a formal constituted audit committee.

Sign here: *[Signature]*

Date: 26th February 2007