

Appendix 4D  
Half-year report  
Period ended 31 December 2011

Name of Entity  
CERVANTES CORPORATION LTD  
ACN 097 982 235

(ASX code: CVS)

1 Financial Year ended (current period) 31 December 2011  
Financial Year ended (previous period) 31 December 2010

**2 Results for announcement to the market**

|  |      | Change<br>% | Amount of Change<br>\$ | \$      |
|--|------|-------------|------------------------|---------|
| 2.1 Revenue  | -    |             |                        |         |
| 2.2 Loss after Tax                                     | down | 131         | 249,625                | 190,566 |
| 2.3 Net Loss for the period<br>attributable to Members | down | 131         | 249,625                | 190,566 |

**2.4 Dividends**

| Dividends                     | Amount per Security | Franked amount per security |
|-------------------------------|---------------------|-----------------------------|
| Final Dividend                | Nil                 | Nil                         |
| Interim Dividend              | Nil                 | Nil                         |
| Previous Corresponding Period | Nil                 | Nil                         |

**2.5 Record date for determining entitlement to the dividend**

Not Applicable

**2.6 Brief explanation of figure reported above to enable the figures to be understood.**

A decrease in fair value of held-for-trading investments at reporting date contributed to the recording of a net loss after tax.

**3 Net tangible asset per security.**

Reporting period 0.044c  
Previous corresponding period 0.081c

**4 Gain or loss of control of entities**

Not Applicable

**5 Details of dividends**

Not Applicable

**6 Details of dividend reinvestment plans**

Not Applicable

**7 Details of associates & joint ventures**

Not applicable

**8 Foreign entities**

Not applicable

**9 Audit/review status**

The review of the half-year financial statements has been completed by Rothsay. The half-year financial statements are not subject to a review dispute or qualification.



Company Secretary

Dated 29 February 2012

Cervantes Corporation Ltd

A.B.N. 79 097 982 235

And Controlled Entity

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER, 2011**

# Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity

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# Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity

## DIRECTORS' REPORT

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Your directors submit the financial report of the consolidated group for the half year ended 31 December 2011.

### Directors

The names of directors who held office during and since the end of the half-year

|                            |  |
|----------------------------|--|
| Mr Collin Vost             | Managing Director<br>(Appointed 9 October 2007)  |
| Mr Barry MacKinnon         | Non Executive Director and Chairman<br>(Appointed 28 August 2001, Resigned 23 November 2011) |
| Mr Graeme Albert Armstrong | Non Executive Director<br>(Appointed 16 January 2008)  |
| Mr Justin Vost             | Non Executive Director<br>(Appointed 23 November 2011)                                       |

### Review of Operations

A review of the operations of the Group for the half-year ended 31 December is as follows:

The Lobster pots will continue to be a source of income for the Group during the Lobster Season.

The Group continues to buy and sell shares in an active market and continues to assess various projects, including projects in the Resource and Energy sector, for a possible diversification of the Group's operations.

The Group continues to carry out various tests and assessments of methods to maximize the recovery, treatment and exploitation of the gold tailings project in Western Australia containing substantial gold values, which the Group have been involved in, and reporting on since 9 January 2009.

These tests are as a result of a substantial drilling program carried out by Cervantes Corporation Ltd's (Cervantes) subsidiary, Cervantes Gold Pty Ltd, and include testing by local metallurgical groups and testing of the material by Chinese treatment groups at their specialised treatment plants in China.

Cervantes has been approached by a listed company to treat the tailings on a royalty basis utilising their plant currently under construction, and this is also under consideration as an alternative positive cash flow opportunity.

The Board will continue to assess projects, offers and opportunities which it believes will add value to Cervantes shares, based on market conditions, sector activity and ASX compliance requirements as well as ensuring the risk to reward ratio favours the Company and its shareholders.

### Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors:



Collin Vost  
Director and Chairman  
Dated: 29 February 2012

# *R*OTHSA Y

Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 6364 5076 www.rothsay.com.au

The Directors  
Cervantes Corporation Ltd  
PO Box 190  
South Perth WA 6951

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2011 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 29<sup>th</sup> February 2012



Chartered Accountants

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2011**

| <b>Continuing Operations</b>  | <b>Note</b> | <b>Consolidated Group</b> |                         |
|---|-------------|---------------------------|-------------------------|
|   |             | <b>31 December 2011</b>   | <b>31 December 2010</b> |
| <b>Revenue</b>  |             |                           |                         |
| Interest income   | 2a          | 448                       | 22                      |
| Other income  | 2b          | 3,040                     | 12,319                  |
| Impairment reversal of intangible assets                                      | 3           | 4,000                     | 16,000                  |
| Profit on sale of other financial assets                                      |             | -                         | 60,004                  |
| Increase in fair value of other financial assets                              |             | -                         | 134,656                 |
|   |             | <b>7,488</b>              | <b>223,001</b>          |
| Loss on sale of other financial assets  |             | (125)                     | -                       |
| Decrease in fair value of other financial assets                              |             | (85,211)                  | -                       |
| Employee benefits expenses  |             | (36,000)                  | (41,893)                |
| Occupancy expenses  |             | (19,939)                  | (21,824)                |
| Depreciation  |             | (24)                      | (29)                    |
| Exploration & evaluation expenditure written off                              |             | (1,195)                   | (25,250)                |
| Licences  |             | (2,015)                   | (1,915)                 |
| Administration expenses   |             | (48,603)                  | (70,323)                |
| Other expenses  |             | (4,942)                   | (2,707)                 |
|   |             | <b>(190,566)</b>          | <b>59,059</b>           |
| <b>Profit (Loss) from ordinary activities before related</b>                  |             | <b>(190,566)</b>          | <b>59,059</b>           |
| <b>Income Tax benefit</b>   |             |                           |                         |
| Income tax benefit relating to ordinary activities                            |             | -                         | -                       |
|   |             | <b>(190,566)</b>          | <b>59,059</b>           |
| <b>Profit (Loss) from ordinary activities after related</b>                   |             | <b>(190,566)</b>          | <b>59,059</b>           |
| <b>Income Tax benefit</b>   |             |                           |                         |
| Other comprehensive income  |             | -                         | -                       |
|   |             | <b>(190,566)</b>          | <b>59,059</b>           |
| <b>Total comprehensive income</b>   |             | <b>(190,566)</b>          | <b>59,059</b>           |
| Earnings per share attributable to the ordinary equity holders of the company |             |                           |                         |
| - Basic   |             | (0.06)c                   | 0.02c                   |
| - Diluted   |             | (0.06)c                   | 0.02c                   |

The accompanying notes form part of these financial statements.

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

|                                  | Note | Consolidated Group        |                       |
|----------------------------------|------|---------------------------|-----------------------|
|                                  |      | As at<br>31 December 2011 | As at<br>30 June 2011 |
| <b>Current Assets</b>            |      |                           |                       |
| Cash and cash equivalents        |      | 124,233                   | 67,089                |
| Trade and other receivables      |      | 550                       | 1,650                 |
| Other financial assets           |      | 265,223                   | 264,488               |
| <b>Total Current Assets</b>      |      | <b>390,006</b>            | <b>333,227</b>        |
| <b>Non-Current Assets</b>        |      |                           |                       |
| Property, plant and equipment    |      | 3,136                     | 3,160                 |
| Intangible assets                | 3    | 168,670                   | 164,670               |
| <b>Total Non-Current Assets</b>  |      | <b>171,806</b>            | <b>167,830</b>        |
| <b>Total Assets</b>              |      | <b>561,812</b>            | <b>501,057</b>        |
| <b>Current Liabilities</b>       |      |                           |                       |
| Trade and other payables         |      | 13,255                    | 11,933                |
| Borrowings                       | 4    | 250,000                   | -                     |
| <b>Total Current Liabilities</b> |      | <b>263,255</b>            | <b>11,933</b>         |
| <b>Total Liabilities</b>         |      | <b>263,255</b>            | <b>11,933</b>         |
| <b>Net Assets</b>                |      | <b>298,557</b>            | <b>489,124</b>        |
| <b>Equity</b>                    |      |                           |                       |
| Issued capital                   |      | 12,068,070                | 12,068,070            |
| Reserves                         |      | 23,282                    | 23,282                |
| Accumulated losses               |      | (11,792,795)              | (11,602,228)          |
| <b>Total Equity</b>              |      | <b>298,557</b>            | <b>489,124</b>        |

The accompanying notes form part of these financial statements.

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2011**

| Consolidated Group              | \$                   | \$                 | \$              | \$           |
|---------------------------------|----------------------|--------------------|-----------------|--------------|
|                                 | <u>Share Capital</u> | <u>Accumulated</u> | <u>Reserves</u> | <u>Total</u> |
|                                 | <u>Ordinary</u>      | <u>Losses</u>      |                 |              |
| <b>Balance at 1.7.2010</b>      | 11,983,070           | (11,642,578)       | -               | 340,492      |
| Total comprehensive income      | -                    | 59,059             | -               | 59,059       |
| Sub-total                       | 11,983,070           | (11,583,519)       | -               | 399,551      |
| Shares issued during the period | -                    | -                  | -               | -            |
| <b>Balance at 31.12.2010</b>    | 11,983,070           | (11,583,519)       | -               | 399,551      |
| <b>Balance at 1.7.2011</b>      | 12,068,070           | (11,602,228)       | 23,282          | 489,124      |
| Total comprehensive income      | -                    | (190,566)          | -               | (190,566)    |
| Sub-total                       | 12,068,070           | (11,792,795)       | 23,282          | 298,557      |
| Shares issued during the period | -                    | -                  | -               | -            |
| <b>Balance at 31.12.2011</b>    | 12,068,070           | (11,792,795)       | 23,282          | 298,557      |

The accompanying notes form part of these financial statements.

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

|   | <b>Consolidated Group</b> |                         |
|---|---------------------------|-------------------------|
|   | <b>31 December 2011</b>   | <b>31 December 2010</b> |
| <b>Cash Flow from Operating Activities</b>                |                           |                         |
| Cash receipts in the course of operations                 | 3,040                     | 5,019                   |
| Payments to suppliers and employees                       | (109,078)                 | (145,594)               |
| Dividends received  | -                         | -                       |
| Interests received  | 448                       | 22                      |
| <b>Net cash flows from (used in) operating activities</b> | <b>(105,590)</b>          | <b>(140,553)</b>        |
| <br><b>Cash Flow from Investing Activities</b>            |                           |                         |
| Purchase of held for trading investments                  | (86,096)                  | -                       |
| Proceeds from held for trading investments                | 25                        | 150,058                 |
| Proceeds from disposal of equipment                       | -                         | 7,300                   |
| Proceeds from borrowings - non-related parties            | 250,000                   | -                       |
| Payments for exploration & evaluation                     | (1,195)                   | (25,250)                |
| <b>Net cash flows from (used in) investing activities</b> | <b>162,734</b>            | <b>132,108</b>          |
| <br><b>Cash Flow from Financing Activities</b>            |                           |                         |
| Proceeds from issue of shares                             | -                         | -                       |
| Costs of share issue                                      | -                         | -                       |
| <b>Net cash flows from financing activities</b>           | <b>-</b>                  | <b>-</b>                |
| <br>Net increase (decrease) in cash and cash equivalents  | <br>57,144                | <br>(8,446)             |
| Cash and cash equivalents at the beginning of the period  | 67,089                    | 20,585                  |
| <b>Cash and cash equivalents at the end of the period</b> | <b>124,233</b>            | <b>12,139</b>           |

The accompanying notes form part of these financial statements.

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2011**

**Note 1: Basis of Preparation**

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Cervantes Corporation Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

**Accounting Policies**

*Revenue Recognition*

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

*Impairment*

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

*Going Concern*

As at the date of this report the directors are considering raising further equity capital through a share placement. Also, the Group has current assets, being held for sale investments, which could be sold to meet financial obligations.

As a consequence, the directors believe the Group is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the financial report which contemplates that the Group will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors continued to seek opportunities for the Group and the Board the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the interim report and accounts.

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2011**

**Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the interim financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

**Key Estimates – Impairment/Revaluation**

Based on the Group's current use of the craypots the directors have estimated the recoverable amount of the craypots as the fair value of these pots less costs to sell which is higher than value in use. The fair value was determined by reference to information obtained from external industry sources on prices at which craypots are sold currently. The revaluation has led to a decrease in the provision for impairment of intangible assets of \$4,000 for the half-year ended 31 December 2011 (\$16,000 for the half year ended 31 December 2010).

**Key Judgment – Exploration and evaluation expenditure**

The Group's policy for exploration and evaluation requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the income statement. At the date of this report the Group has sufficient reason to believe that whilst exploration in specific areas was previously discontinued, further exploration and evaluation may lead to the discovery of viable quantities of mineral resources and further activities in the specific areas is continuing. Such capitalised expenditure is carried at reporting date at \$0 (30 June 2011: \$0) and the amount written off through the profit and loss amounted to \$1,195 (31 December 2010: \$25,250).

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2011**

|   | <b>Consolidated Group</b> |                         |
|---|---------------------------|-------------------------|
|   | <b>31 December 2011</b>   | <b>31 December 2010</b> |
|   | <b>\$</b>                 | <b>\$</b>               |
| <b>NOTE 2: Profit (Loss) for the Period</b> |                           |                         |
| <b>2a. Interest revenues</b>                |                           |                         |
| - other persons                             | 448                       | 22                      |
|   | <b>448</b>                | <b>22</b>               |
| <b>2b. Other income</b>                     |                           |                         |
| Lease revenue                               | 3,040                     | 3,848                   |
| Corporate Services                          | -                         | 1,171                   |
| Profit on the sale of equipment             | -                         | 7,300                   |
|   | <b>3,040</b>              | <b>12,319</b>           |

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2011**

|                                  | <b>Consolidated Group</b> |                     |
|----------------------------------|---------------------------|---------------------|
|                                  | <b>31 December 2010</b>   | <b>30 June 2010</b> |
|                                  | <b>\$</b>                 | <b>\$</b>           |
| <b>NOTE 3: Intangible Assets</b> |                           |                     |
| Licences and leases at valuation | 490,000                   | 490,000             |
| Less - Provision for impairment  | (322,000)                 | (326,000)           |
| Company formation expenses       | 670                       | 670                 |
|                                  | <u>168,670</u>            | <u>164,670</u>      |

Based on the Group's current use of the craypots licences the directors have estimated the recoverable amount of the craypots licences as the fair value of these pots licences less costs to sell, which is higher than the value in use. The fair value was determined by reference to information obtained from external industry sources. The change in fair value has led to a decrease in the provision for impairment of intangible assets of \$4,000 for the half-year ended 31 December 2011 (\$16,000 for the half-year ended 31 December 2010).

The effective date for the revaluation of the licences and leases was 13 February 2012. The carrying amount that would have been recognised had licences and leases been measured using the cost model would have been \$800,000. Refer to Note 1, Critical Accounting Estimates and Judgements for impairment consideration.

**NOTE 4: Borrowings**

**Current**

Unsecured liabilities

|                 |                |          |
|-----------------|----------------|----------|
| Short term loan | 250,000        | -        |
|                 | <u>250,000</u> | <u>-</u> |

A short term, unsecured loan facility was established with repayments to be monthly or quarterly in arrears or out of profits, at the discretion of the Board of Cervantes Corporation Ltd on interest terms of at the lesser of 5.6% pa or the 90 days term deposit rate of the National Australia Bank.

**NOTE 5: Operating Segments**

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on this basis.

Reportable segment disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and also similar with respect to the following:

- The product sold and/or services provided by the segment;
- The manufacturing process;

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2011**

- The type or class of customer for the product or service
- The distribution method; and
- External regulatory requirements

**Types of products and services by segment**

*Seafood and aquaculture*

The seafood and aquaculture segment lease craypots and evaluates seafood and aquaculture projects.

*Mineral exploration and evaluation*

The mineral exploration and evaluation segment evaluated projects in the mining industry

*Share trading*

The share trading segment buys and sells Australian shares through the Australian Securities Exchange.

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**(i) Segment performance**

|  | Seafood &<br>aquaculture<br>\$ | Exploration &<br>evaluation<br>\$ | Share<br>trading<br>\$ | Corporate<br>\$ | Total<br>\$ |
|--|--------------------------------|-----------------------------------|------------------------|-----------------|-------------|
| <b>Year ended 31.12.2011</b>   |                                |                                   |                        |                 |             |
| <b>Revenue</b>   |                                |                                   |                        |                 |             |
| External sales   | 3,040                          | -                                 | -                      | -               | 3,040       |
| Revaluation of intangible asset  | 4,000                          | -                                 | -                      | -               | 4,000       |
| Dividends  | -                              | -                                 | -                      | -               | -           |
| Interest revenue   | -                              | -                                 | -                      | 448             | 448         |
| <b>Total segment revenue</b>   | 7,040                          | -                                 | -                      | 448             | 7,488       |
| <i>Reconciliation of segment revenue to group revenue</i>                      |                                |                                   |                        |                 |             |
| Fair value adjustment  | -                              | -                                 | (85,211)               | -               | (85,211)    |
| Total group revenue  |                                |                                   |                        |                 | (77,723)    |
| <b>Segment net profit before tax</b>   | 5,025                          | (1,195)                           | (85,336)               | (77,376)        | (190,542)   |
| <i>Reconciliation of segment results to group net profit/(loss) before tax</i> |                                |                                   |                        |                 |             |
| Amount not included in segment results but reviewed by the Board:              |                                |                                   |                        |                 |             |
| Depreciation expenses  | -                              | (24)                              | -                      | -               | (24)        |
| Write off of exploration & evaluation expenditure                              |                                |                                   |                        |                 |             |
| Net loss before tax from continuing operations                                 |                                |                                   |                        |                 | (190,566)   |

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR**  
**ENDED 31 DECEMBER 2011**

**NOTE 5: Operating Segments (cont'd)**

**(i) Segment performance (cont'd)**

|  | Seafood &<br>aquaculture<br>\$ | Exploration &<br>evaluation<br>\$ | Share<br>trading<br>\$ | Corporate<br>\$  | Total<br>\$    |
|--|--------------------------------|-----------------------------------|------------------------|------------------|----------------|
| <b>Year ended 31.12.2010</b>   |                                |                                   |                        |                  |                |
| <b>Revenue</b>   |                                |                                   |                        |                  |                |
| External sales   | 3,848                          | -                                 | 172,311                | 8,471            | 184,630        |
| Revaluation of intangible asset  | 16,000                         | -                                 | -                      | -                | 16,000         |
| Dividends  | -                              | -                                 | -                      | -                | -              |
| Interest revenue   | -                              | -                                 | -                      | 22               | 22             |
| <b>Total segment revenue</b>   | <b>19,848</b>                  | <b>-</b>                          | <b>172,311</b>         | <b>8,493</b>     | <b>200,652</b> |
| <i>Reconciliation of segment revenue to group revenue</i>                      |                                |                                   |                        |                  |                |
| Fair value adjustment  | -                              | -                                 | 134,656                | -                | 134,656        |
| Total group revenue  |                                |                                   |                        |                  | <u>335,308</u> |
| <b>Segment net profit before tax</b>   | <b>17,933</b>                  | <b>-</b>                          | <b>194,660</b>         | <b>(128,255)</b> | <b>84,338</b>  |
| <i>Reconciliation of segment results to group net profit/(loss) before tax</i> |                                |                                   |                        |                  |                |
| Amount not included in segment results but reviewed by the Board:              |                                |                                   |                        |                  |                |
| Depreciation expenses  | -                              | (29)                              | -                      | -                | (29)           |
| Write off of exploration & evaluation expenditure                              | -                              | (25,250)                          | -                      | -                | (25,250)       |
| Net loss before tax from continuing operations                                 |                                |                                   |                        |                  | <u>59,059</u>  |

**(ii) Revenue by geographical region**

All Group revenue attributable to external customers was generated in Australia.

**(iii) Assets by geographical region**

The Group operated only in Australia.

**NOTE 6: Contingent Liabilities**

There has been no change in contingent liabilities since the end of the last annual reporting period.

**NOTE 7: Event Subsequent to Balance Date**

There are no matters or circumstances that have arisen since the end of the half-year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Cervantes Corporation Ltd ABN 79 097 982 235 and Controlled Entity**  
**DIRECTORS' DECLARATION**

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The directors of Cervantes Corporation Limited (the company) declare that:

1. The accompanying financial statements and notes:
  - (a) comply with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - (b) give a true and fair view of the economic entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Collin Vost  
Director and Chairman

Dated: 29 February 2011



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### Independent Review Report to the Members of Cervantes Corporation Ltd

#### The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Cervantes Corporation Ltd for the half-year ended 31 December 2011.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and 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.

#### Review approach

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 interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2011 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Cervantes Corporation Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

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

#### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Cervantes Corporation Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2011 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Graham Swan  
Partner

Dated 29<sup>th</sup> February 2012



Chartered Accountants

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).