

**OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND
CONTROLLED ENTITIES**

ACN 161 170 707

Interim Financial Report

For the period ended 31 December 2013

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of OceanEthix International Holdings Limited

Report on the Half-Year Financial Report

I have reviewed the half-year financial report of OceanEthix International Holdings Limited, and its subsidiary companies domiciled and trading in Hong Kong (" the Group"), which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2013 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 OceanEthix International Holdings Limited, ASRE 2410 requires that I 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 I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Audit Review Commentary

During my review there were a number of financial transactions and/or matters which remain unresolved at the date of this Report and I have received confirmations from Directors that they will

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Chartered Accountants

Cannings & Flynn Pty Ltd A.C.N 108 438 035 t/a Cannings & Co ABN 61 450 636 822

Liability limited by a scheme approved under Professional Standards Legislation

Directors – Jeffrey D Cannings, MBA, Dip.Tech. (Comm), Dip.Ed., FCA, CTA, FTPA (Tax) & Brian Flynn, B.Comm, ACA.

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be finalised before 30 June, 2016. These transactions and/or matters concern the current liquidation of the former subsidiary company, Ocean Pacific Technology Development Limited ("OPTDL") which has not yet been finalised by the Liquidator and there is some uncertainty whether a claim will be made against the Group for any further liquidation expenses or loans that may be held applicable against the parent Company instead of OPTDL. In addition, there are some unresolved recognition policies in accounting for the classification between Project Income, License Fee Income and Consultation Services Income due to various interpretation differences inherent in recent Sale Contracts to Customers.

These transactions and/or events have had immaterial affect, at the date of this Report, on the Group's financial position as at 31 December 2013 or on the performance for the half-year ended on that date.

Independence

In conducting my review, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of OceanEthix International Holdings Limited would be in the same terms if given to the directors as at the time of this Auditor's Report.

Conclusion

Based on my review, **which is not an audit**, I have not become aware of any matter that makes me believe that the half-year financial report of OceanEthix International Holdings Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of OceanEthix International Holdings Limited and its subsidiaries (" the Group") financial position as at 31 December 2013 and of the Group's performance for the half-year ended on that date; and,
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.


CANNINGS & CO
Chartered Accountants


Mr Jeffrey David Cannings, FCA, CTA
Registered Company Auditor

Level 1, 1A Sydenham Road,
Brookvale NSW 2100 Australia

Dated this 14 day of March 2014

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OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' REPORT

Your directors submit the financial report of the Consolidated Group for the half-year ended 31 December 2013.

Directors

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

Dr. Chuly Lee

Mr. Lloyd Moskalik

Mr. Derek Condell

Mr. Brian Wong

Ms. Nicole Tang

Mr. Nigel Wong

Mr. John Zhong

Review of Operations

Oceanethix International Holdings Limited and its controlled entities continued to earn their income from the following areas:

- Sales of livestock
- Design and construct contracts; and
- Maintenance and management contracts

Our focus has continued to be markets in China and South East Asia.

Rounding of Amounts

The Consolidated Group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Auditor's Declaration

The lead auditors have set out the independence declaration under section 307C of the *Corporations Act 2001* for the half year ended 31 December 2013.

Director



Brian Wong

Dated this 14th March 2014

OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Consolidated group 31 Dec 2013 HK\$000
Revenue	12,601
Cost of Sales	(5,151)
Gross Profit	7,450
Other income	-
Employee benefits expense	(2,960)
Depreciation	(108)
Finance costs	(1)
Other operation expenses	(1,971)
Profit before income tax expense	2,410
Income tax expenses	-
Profit for the period	2,410
Other comprehensive income	
Other comprehensive income for the period, net income tax	-
Total comprehensive income for the period	2,410
Total comprehensive income attributable to:	
Owners of the company	2,410
Non-controlling interest	-
Total comprehensive income for the period	2,410
Overall Operations:	
Basic earnings per share (cents per share)	0.86
Diluted earnings per share (cents per share)	0.85

The accompanying notes form part of these financial statements.

OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Consolidated Group	
	31 Dec 2013	30 Jun 2013
	HK\$000	HK\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,699	616
Trade and other receivables	6,066	9,055
Other current assets	-	348
TOTAL CURRENT ASSETS	11,765	10,019
NON-CURRENT ASSETS		
Trade and other receivables	-	2,940
Other financial assets	1,783	-
Plant and equipment	1,091	1,059
Other non-current assets	1,284	1,721
TOTAL NON-CURRENT ASSETS	4,158	5,720
TOTAL ASSETS	15,923	15,739
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,777	5,188
TOTAL CURRENT LIABILITIES	4,777	5,188
NON-CURRENT LIABILITIES		
Long term payable	2,050	-
TOTAL NON-CURRENT LIABILITIES	2,050	-
TOTAL LIABILITIES	6,827	5,188
NET ASSETS	9,096	10,551
EQUITY		
Issued capital	19,404	19,404
Reserves	(4,532)	(11,931)
(Accumulated losses)/Retained earnings	(5,776)	3,078
TOTAL EQUITY	9,096	10,551

The accompanying notes form part of these financial statements.

OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	HK\$000	HK\$000		HK\$000	HK\$000
	Ordinary Share		Reserve		
		Accumulated Losses	Share Option	Acquisition	Foreign Currency Translation
Note					Total
Balance at 1 July 2013	19,404	3,078	-	(11,931)	-
Total comprehensive income for the period					
Profit for the period	-	2,410	-	-	-
Transfer from /(to) reserves	-	(11,264)	-	7,399	-
Total comprehensive income for the period	-	(8,854)	-	7,399	-
Transactions with owners, in their capacity as owners and other transfer					
Shares issued during the period	-	-	-	-	-
Goodwill on consolidation	-	-	-	-	-
Total transaction with owners and others transfers	-	-	-	-	-
Balance at 31 December 2013	19,404	(5,776)	-	(4,532)	-

	HK\$000	HK\$000		HK\$000	HK\$000
	Ordinary Share		Reserve		
		Accumulated Losses	Share Option	Acquisition	Foreign Currency Translation
Note					Total
Balance at 1 July 2012	-	-	-	-	-
Total comprehensive income for the year					
Profits for the year	-	3,078	-	-	-
Total comprehensive income for the year	-	3,078	-	-	-
Transactions with owners, in their capacity as owners and other transfer					
Share issued during the year	19,404	-	-	-	-
Goodwill on consolidation	-	-	-	(11,931)	-
Total transaction with owners and others transfer	19,404	-	-	(11,931)	-
Balance at 30 June 2013	19,404	3,078	-	(11,931)	-

The accompanying notes form part of these financial statements.

OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Consolidated Group

31 Dec 2013

HK\$000

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	5,251
Payments to suppliers and employees	(5,146)
Interest received	-
Interest paid	(1)
Dividend received	-
Net cash provided by operating activities	<u>104</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for plant and equipment	(1,091)
Payment for purchase of equity investment	(12,718)
Net cash used in investing activities	<u>(13,809)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from share issue	19,404
Net cash provided by financing activities	<u>19,404</u>

Net increase in cash held	5,699
Cash at the beginning of period	-
Cash at the end of period	<u>5,699</u>

Analysis of the balance of cash and cash equivalents

Cash and cash equivalents in the statement of
financial position:

Cash and bank balances	5,699
	<u>5,699</u>

The accompanying notes form part of these financial statements.

OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: BASIS OF PREPARATION OF THE INTERIM REPORT

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Oceanethix International Holdings Limited ("the Parent Entity") and its controlled entities ("the Consolidated Group" or "the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Consolidated Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Consolidated Group for the year ended 30 June 2013, together with any public announcements made during the half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2013 annual report.

OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: BASIS OF PREPARATION OF THE INTERIM REPORT – CONTINUED

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

These consolidated financial statements have been prepared using the same accounting policies as used in the Annual Financial Report for the year ended 30 June 2013, except for the adoption of new and amended standards mandatory for annual periods beginning on or after 1 July 2013, including comparatives:

The consolidated entity has adopted the new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

- AASB 7 Financial Instruments : Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to AASB 7
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 19 Employee Benefits (Revised 2011)
- Improvements to AASBs 2009-2011 Cycle

The adoption of the new and revised Australian Accounting Standards and AASB Interpretations did not have a material impact on the consolidated entity's financial statements and disclosures. The consolidated entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the consolidated entity and its subsidiaries as at 31 December 2013. Control is achieved when the consolidated entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the consolidated entity controls an investee if and only if the consolidated entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee

OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: BASIS OF PREPARATION OF THE INTERIM REPORT – CONTINUED

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

- The ability to use its power over the investee to affect its returns

When the consolidated entity has less than a majority of the voting or similar rights or an investee, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The consolidated entity's voting rights and potential voting rights

The consolidated entity re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the consolidated entity obtains control over the subsidiary and ceases when the consolidated entity loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the consolidated entity gains control until the date the consolidated entity ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the consolidated entity and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

These half-year financial statements were approved by the Board of Directors on 14th March 2013.

OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2 : PRIMARY REPORTING – BUSINESS SEGMENTS

	Hong Kong		Australia		Total	
	2013	2012	2013	2012	2013	2012
	HK\$000	HK\$000	HK\$000	HKD\$000	HK\$000	HK\$000
Sales to customers outside the consolidated entity	12,601	-	-	-	12,601	-
Other revenue	-	-	-	-	-	-
Total segment revenue	12,601	-	-	-	12,601	-
Unallocated revenue	-	-	-	-	-	-
Total revenue from continuing operations	12,601	-	-	-	12,601	-
Segment result	2,410	-	-	-	2,410	-
Unallocated expenses net of unallocated revenue				-		
Profit before income tax	2,410	-	-	-	2,410	-
Income tax expense	-	-	-	-	-	-
Profit after income tax	2,410	-	-	-	2,410	-
Segment Assets	9,096	-	-	-	9,096	-

**OCEANETHIX INTERNATIONAL HOLDINGS LIMITED AND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

NOTE 3: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 4 : EVENTS SUBSEQUENT TO REPORT DATE

There has been no event subsequent to report date.

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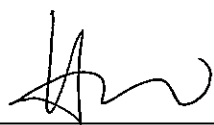
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on page 3 to 12 :
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001; and
 - b. give a true and fair view of the Consolidated Group's financial position as at 31 December 2013 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.

Director



Brian Wong

Dated this 14th March 2013