

Appendix 4 D

Financial Half-Year Report

Name of Entity

CERVANTES CORPORATION LTD

(ASX code: CVS)

ACN 097 982 235

Period ended

31 December 2008

Previous corresponding reporting period

31 December 2007

Results for announcement to the market

		\$			31 Dec 2008 \$	31 Dec 2007 \$
Revenue		-	-	to	-	-
Loss after Tax	down	1,667	0.7%	to	(239,525)	(241,192)
Net loss for the period attributable to Members	down	1,667	0.7%	to	(239,525)	(241,192)

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

Record date for determining entitlement to the dividend

Not Applicable

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

A slight decrease in interest income was offset by the profits from share trading. The downturn in economic conditions and the deterioration of the securities market led to a write down in the fair value of securities on hand at 31 December and a write down of intangible assets. There was an increase in expenditure on research projects and these factors contributed to the after tax loss.

CERVANTES CORPORATION LTD

(ASX code: CVS)

ACN 097 982 235

Period ended

31 December 2008

Net Tangible Asset Backing	31 December 2008	31 December 2007
Net tangible assets (\$)	801,182	1,000,797
Number of shares on issue	287,011,112	287,011,112
Net tangible assets per ordinary share (\$)	0.028	0.035

Audit Review Status.

This Appendix 4D and the attached half-year financial report are based on accounts which have been subject to a review

Basis of Preparation.

The half-year financial report is to read in conjunction with the financial report for the year ended 30 June 2008. The information provided in this Appendix 4D is based on the half-year financial report attached which has been prepared in accordance with the Australian Equivalents to International Reporting Standards.



Company Secretary
Dated 24 February 2009

Cervantes Corporation Ltd

A.B.N. 79 097 982 235

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER, 2008**

Contents

	Page
Directors' Report	3
Auditor's Independence Declaration	5
Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10
Directors' Declaration	13
Independent Auditor's Review Report to the Members	14

Cervantes Corporation Ltd ABN 79 097 982 235
DIRECTORS' REPORT

The Directors of Cervantes Corporation Limited herewith submit the financial report for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors and officers of the company during or since the end of the half-year are:

Mr Collin Vost	Managing Director (Appointed 9 October 2007)
Mr Barry MacKinnon	Non Executive Director and Chairman (Appointed 28 August 2001)
Mr Graeme Albert Armstrong	Non Executive Director (Appointed 16 January 2008)
Mr Patrick O'Neill	Company Secretary (Appointed 16 January 2008)

Principal Activities

There has been no significant change in the nature of the Company's principal activities, which remain operating in the seafood and aquaculture industry in Western Australia.

Review of Operations

Up until November 2008, in conjunction with an Australian University, the Company continued with its unique abalone breeding program designed to develop a fast-growing hybrid abalone specifically suited to west coast cultivation. The Company has continued with negotiation with the Namibian company whereby the company would be able to use the technology and expertise developed during the breeding program in exchange for equity in the Namibian operations.

The Board of Cervantes has been approached in relation to a number of new energy and gold projects, as well as potential oil and gas projects by our consultants, all of which have been considered.

Cervantes 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.

During the half year the Company earned additional income from the leasing of its craypot licences.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 31 December 2008.

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



Collin Vost
Managing Director

Dated: 24 February 2009

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CERVANTES CORPORATION LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Cervantes Corporation Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



M J HILLGROVE
Partner

Perth, 24 February 2009

Cervantes Corporation Ltd ABN 79 097 982 235
INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	As at 31 December 2008	As at 31 December 2007
Interest income	2a	24,150	35,634
Other income	2b	46,888	12,914
Fair value loss		(61,198)	-
Employee benefits expenses		(46,125)	(52,000)
Occupancy expenses		(19,693)	(11,980)
Project research expenses		(59,128)	(34,603)
Administration expenses		(75,682)	(88,409)
Impairment of intangible assets		(40,000)	(82,000)
Other expenses		(8,737)	(20,748)
		<hr/>	<hr/>
Loss from ordinary activities before related Income Tax benefit		(239,525)	(241,192)
Income tax benefit relating to ordinary activities		-	-
		<hr/>	<hr/>
Loss from ordinary activities after related Income Tax benefit		<u>(239,525)</u>	<u>(241,192)</u>
Loss per share			
- Basic		(0.07)c	(0.08)c
- Diluted		(0.07)c	(0.08)c

The accompanying notes form part of these financial statements.

Cervantes Corporation Ltd ABN 79 097 982 235
BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	As at 31 December 2008	As at 30 June 2008
Current Assets			
Cash and cash equivalents		643,571	880,848
Trade and other receivables		6,292	1,184
Prepayment		7,000	-
Financial assets		183,274	126,360
Total Current Assets		840,137	1,008,392
Non-Current Assets			
Property, plant and equipment		1,500	1,500
Intangible assets	3	88,000	128,000
Total Non-Current Assets		89,500	129,500
Total Assets		929,637	1,137,982
Current Liabilities			
Trade and other payables		40,455	9,185
Total Current Liabilities		40,455	9,185
Total Liabilities		40,455	9,185
Net Assets		889,182	1,128,707
Equity			
Issued capital		11,949,170	11,949,170
Accumulated losses		(11,059,988)	(10,820,463)
Total Equity		889,182	1,128,707

The accompanying notes form part of these financial statements.

Cervantes Corporation Ltd ABN 79 097 982 235
STATEMENT OF CHANGES IN EQUITY

	\$	\$	\$
	<u>Share Capital</u>	<u>Accumulated</u>	
	<u>Ordinary</u>	<u>Losses</u>	<u>Total</u>
Balance at 1.7.2007	11,949,170	(10,475,043)	1,474,127
Profit/(loss) attributable to members of company	-	(241,192)	(241,192)
Sub-total	11,949,170	(10,716,235)	1,232,935
Issue of share capital	-	-	-
Cost of share issue	-	-	-
Balance at 31.12.2007	11,949,170	(10,716,235)	1,232,935
Balance at 1.7.2008	11,949,170	(10,820,463)	1,128,707
Profit/(loss) attributable to members of company	-	(239,525)	(239,525)
Sub-total	11,949,170	(11,059,988)	889,182
Issued of share capital	-	-	-
Cost of share issue	-	-	-
Balance at 31.12.2008	11,949,170	(11,059,988)	889,182

The accompanying notes form part of these financial statements.

Cervantes Corporation Ltd ABN 79 097 982 235
CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008	31 Dec 2007
Cash Flow from Operating Activities		
Cash receipts in the course of operations	-	4,545
Payments to suppliers and employees	(162,422)	(208,625)
Payments for shares for share trading	(256,383)	-
Proceeds from share trading	155,970	-
Interests & dividends received	25,558	35,634
Interests and other costs of finance	-	-
Net cash flows from operating activities	(237,277)	(168,446)
 Cash Flow from Investing Activities		
Purchase of non-current assets	-	-
Proceeds from the sale of non-current assets	-	-
Net cash flows used in investing activities	-	-
 Cash Flow from Financing Activities		
Proceeds from issue of shares	-	-
Costs of share issue	-	-
Repayment of borrowings	-	-
Net cash flows used in financing activities	-	-
 Net increase (decrease) in cash and cash equivalents	(237,277)	(168,446)
Cash and cash equivalents at the beginning of the period	880,848	1,273,052
Cash and cash equivalents at the end of the period	643,571	1,104,606

The accompanying notes form part of these financial statements.

Cervantes Corporation Ltd ABN 79 097 982 235
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2008

Note 1: Basis of Preparation

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporation Act 2001*, Australian Accounting Standards AASB134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Cervantes Corporation Ltd during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entity and are consistent with those in the June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on the historical cost modified by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Critical Accounting Estimates and Judgments

Key Estimates – Impairment

Based on the Company'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 value in use. The fair value was determined by reference to information obtained from the Department of Fisheries.

Cervantes Corporation Ltd ABN 79 097 982 235
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2008 Cont..

	31 December 2008 \$	31 December 2007 \$
NOTE 2: Income		
2a Interest Revenue		
- other persons	24,150	35,634
	<u>24,150</u>	<u>35,634</u>
2b Other Income		
Lease revenue	5,000	4,545
Surplus returned by administrator	-	8,369
Profit on disposal of shares	40,480	-
Dividends	1,408	-
	<u>1,408</u>	<u>-</u>
Total revenues from ordinary activities	<u>46,888</u>	<u>12,914</u>

	31 December 2008 \$	30 June 2008 \$
NOTE 3: Intangible Assets		
Licences and leases at valuation	210,000	210,000
Less - Provision for impairment	122,000	82,000
	<u>122,000</u>	<u>82,000</u>
	<u>88,000</u>	<u>128,000</u>

Based on the Company'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 the Department of Fisheries.

NOTE 4: Segment Information

- I. Geographical
The Company operated only in Australia.
- II. Business
The Company operated in the area of fishing and aquaculture business.

NOTE 5: Contingent Liabilities

There are no contingent liabilities as at balance date or as at the date of this report.

NOTE 6: Event Subsequent to Balance Date

On the 15 January 2009 the Company issued 2,260,000 ordinary shares following the conversion of 2,260,000 options exercised at 1.5c each that were to expire 31 December 2008 and a further 27,740,000 options were cancelled.

On 13 January 2009 the Company entered into Heads of Agreement for a profit share in return for financial assistance in a Gold Retreatment Project and establishment of subsidiary "Cervantes Gold Pty Ltd". Pursuant to the Heads of Agreement, the Company expects to spend up to \$300,000 over the next 6 months, so as to meet its commitments under the agreement. The Directors are confident that they will be able to realise positive cashflows from this venture.

Cervantes Corporation Ltd ABN 79 097 982 235
DIRECTORS' DECLARATION

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

1. The financial statements and notes as set out on pages 6 to 12:
 - (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 2008 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
Managing Director

Dated: 24 February 2009

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CERVANTES CORPORATION LIMITED**

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Cervantes Corporation Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, and other selected explanatory notes.

Directors' responsibility for the half-year financial report

The directors of the Company 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. This responsibility includes establishing 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 and 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 Engagement ASRE 2410: Review of Interim and Other Financial Reports 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 the company's financial position as at 31 December 2008 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 Corporation 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 complied with the independence requirements of the Australian professional ethical pronouncements and the Corporations Act 2001.


Electronic presentation of reviewed financial report

This auditor's review report relates to the financial report of Cervantes Corporation Limited for the half-year ended 31 December 2008 included on the Company's web site. The Company's directors are responsible for the integrity of its web site. We have not been engaged to report on the integrity of the Company's web site. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cervantes Corporation 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 2008 and of its performance for the half-year ended on that date; and
- b complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



GRANT THORNTON (WA) PARTNERSHIP

Chartered Accountants



M J HILLGROVE

Partner

Perth, 24 February 2009