

CHINA FISHERY GROUP LIMITED

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 28 JUNE 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

The reporting currency of the Group is in US dollars. A Singapore Dollar equivalent of the financial statements in respect of items 1a, 1b(i), 6 & 7 for the Group is provided under item 15 – Supplementary Notes as additional information for investors in Singapore.

Group Income Statement for the third quarter and nine months ended 28 June 2014

	Group					
	Third quarter ended		Increase / (Decrease) %	Nine months ended		Increase / (Decrease) %
	29.03.2014 - 28.06.2014	29.03.2013 - 28.06.2013		29.09.2013 - 28.06.2014	29.09.2012 - 28.06.2013	
US\$'000 (unaudited)	US\$'000 (unaudited)		US\$'000 (unaudited)	US\$'000 (unaudited)		
Revenue	154,971	152,390	1.7	480,063	423,173	13.4
Cost of sales	(52,242)	(87,246)	(40.1)	(213,860)	(218,567)	(2.2)
Vessel operating costs	(43,742)	(26,113)	67.5	(99,972)	(77,616)	28.8
Gross profit	58,987	39,031	51.1	166,231	126,990	30.9
Other operating income	946	836	13.2	7,066	2,771	155.0
Selling expenses	(7,382)	(3,692)	99.9	(20,360)	(19,956)	2.0
Administrative expenses	(7,535)	(7,473)	0.8	(21,461)	(15,222)	41.0
Other operating expenses	(1)	-	NM	(6,336)	(1,469)	331.3
Finance costs	(20,767)	(11,620)	78.7	(63,577)	(34,999)	81.7
Profit before income tax	24,248	17,082	42.0	61,563	58,115	5.9
Income tax (expense) benefit	(4,627)	(1,587)	191.6	(8,671)	12,106	(171.6)
Profit for the period	19,621	15,495	26.6	52,892	70,221	(24.7)
Attributable to:						
Owners of the Company	18,658	14,988	24.5	50,863	70,506	(27.9)
Non-controlling interests	963	507	89.9	2,029	(285)	(811.9)
	19,621	15,495	26.6	52,892	70,221	(24.7)

Consolidated statement of comprehensive income:

	Group					
	Third quarter ended		Increase / (Decrease) %	Nine months ended		Increase / (Decrease) %
	29.03.2014 - 28.06.2014	29.03.2013 - 28.06.2013		29.09.2013 - 28.06.2014	29.09.2012 - 28.06.2013	
US\$'000 (unaudited)	US\$'000 (unaudited)		US\$'000 (unaudited)	US\$'000 (unaudited)		
Profit for the period	19,621	15,495	26.6	52,892	70,221	(24.7)
Other comprehensive income:						
- Exchange difference on translation of the Group's overseas	1,250	-	NM	312	-	NM
- Fair value change of available-for-sale investments	-	4,444	(100.0)	-	6,396	(100.0)
- Gain on revaluation of properties	-	-	NM	338	49	589.8
Total comprehensive income for the period, attributable to the owners of the Company	20,871	19,939	4.7	53,542	76,666	(30.2)
Attributable to:						
Owners of the Company	19,908	19,432	2.4	51,519	76,951	(33.0)
Non-controlling interests	963	507	89.9	2,023	(285)	(809.8)
	20,871	19,939	4.7	53,542	76,666	(30.2)

	Group					
	Third quarter ended		Increase / (Decrease) %	Nine months ended		Increase / (Decrease) %
	29.03.2014 - 28.06.2014	29.03.2013 - 28.06.2013		29.09.2013 - 28.06.2014	29.09.2012 - 28.06.2013	
	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)		
Other operating income						
including interest income	946	836	13.2	7,066	2,771	155.0
Interest on borrowings	(20,319)	(11,269)	80.3	(62,401)	(33,808)	84.6
Amortisation of senior notes						
issuing expenses including in finance costs	(448)	(351)	27.6	(1,176)	(1,191)	(1.3)
Amortisation of prepayment to suppliers	-	(7,617)	(100.0)	(13,865)	(22,850)	(39.3)
Depreciation expense	(19,581)	(22,081)	(11.3)	(63,110)	(65,615)	(3.8)
Loss on disposal of property, plant and equipment	(344)	-	NM	(519)	-	NM
Change in fair value in derivative financial instruments	(502)	(2,454)	(79.5)	1,046	(1,351)	(177.4)
Foreign exchange gain	1,224	1,363	(10.2)	591	2,233	(73.5)

1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	28.06.2014	28.09.2013	28.06.2014	28.09.2013
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(audited)	(unaudited)	(audited)
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	131,905	74,576	80	141
Trade receivables	125,070	141,475	-	-
Other receivables and prepayments	191,359	155,055	168	1,462
Advances to suppliers	40,500	40,500	-	-
Prepaid income tax	6,766	12,758	-	-
Deferred expenses	47,153	32,935	-	-
Inventories	183,387	98,193	-	-
Current portion of prepayment to suppliers (Note 1)	120,000	26,298	-	-
Total current assets	<u>846,140</u>	<u>581,790</u>	<u>248</u>	<u>1,603</u>
Non-current assets:				
Prepayment to suppliers (Note 1)	61,525	229,092	-	-
Property, plant and equipment	622,485	638,201	-	-
Investment property	3,320	3,218	-	-
Goodwill	95,721	95,721	-	-
Fishing and plant permits	1,222,670	1,222,670	-	-
Subsidiaries	-	-	669,282	674,417
Held to maturity financial asset	-	-	3,060	3,060
Total non-current assets	<u>2,005,721</u>	<u>2,188,902</u>	<u>672,342</u>	<u>677,477</u>
Total assets	<u>2,851,861</u>	<u>2,770,692</u>	<u>672,590</u>	<u>679,080</u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Trade payables	20,627	17,879	-	-
Other payables and accrued expenses	26,253	15,122	731	1,589
Derivative financial instruments	849	1,895	-	-
Income tax payable	8,647	2,828	-	-
Financial guarantee contract	-	-	4,068	4,068
Current portion of finance leases	1,284	3,866	-	-
Current portion of bank loans	307,720	538,248	-	-
Total current liabilities	<u>365,380</u>	<u>579,838</u>	<u>4,799</u>	<u>5,657</u>
Non-current liabilities:				
Financial guarantee contract	-	-	16,451	19,098
Long term payables	25,088	30,387	-	-
Finance leases	-	470	-	-
Bank loans	418,182	137,667	-	-
Senior notes	531,961	530,785	-	-
Deferred tax liabilities	306,639	317,204	-	-
Total non-current liabilities	<u>1,281,870</u>	<u>1,016,513</u>	<u>16,451</u>	<u>19,098</u>
Capital and reserves:				
Share capital	102,318	102,318	102,318	102,318
Reserves	1,099,834	1,063,603	549,022	552,007
Attributable to owners of the Company	<u>1,202,152</u>	<u>1,165,921</u>	<u>651,340</u>	<u>654,325</u>
Non-controlling interests	2,459	8,420	-	-
Net equity	<u>1,204,611</u>	<u>1,174,341</u>	<u>651,340</u>	<u>654,325</u>
Total liabilities and equity	<u>2,851,861</u>	<u>2,770,692</u>	<u>672,590</u>	<u>679,080</u>

Notes:

1. Prepayment to suppliers

	28.06.2014 US\$'000	28.09.2013 US\$'000
<i>Current portion</i>		
1st LSA	-	1,432
2nd LSA	7,152	8,200
3rd LSA	44,532	8,333
4th LSA	68,316	8,333
	<u>120,000</u>	<u>26,298</u>
<i>Non-current portion</i>		
1st LSA	-	-
2nd LSA	3,667	10,296
3rd LSA	22,832	85,463
4th LSA	35,026	133,333
	<u>61,525</u>	<u>229,092</u>

*LSA stands for Long Term Supply Agreement

The LSA was terminated on 1 April 2014; the amount of prepaid fixed price shall be entitled to refund in cash or in the form of fish supply by 28 March 2016.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 28.06.2014		As at 28.09.2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
(unaudited)	(unaudited)	(audited)	(audited)
111,657	197,347	26,084	516,030

Amount repayable after one year

As at 28.06.2014		As at 28.09.2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
(unaudited)	(unaudited)	(audited)	(audited)
-	950,143	470	668,452

Details of any collateral

Certain of the Group's office premises and fishing vessels in Peru are held under finance leases with net carrying values of approximately US\$3.1 million (28.09.2013: US\$3.4 million). The inventory loans are pledged by its fishmeal inventories in Peru with net carrying values of approximately US\$69.7 million (28.09.2013: US\$8.2 million).

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Third quarter ended 29.03.2014 - 28.06.2014 US\$'000 (unaudited)	29.03.2013 - 28.06.2013 US\$'000 (unaudited)	Nine months ended 29.09.2013 - 28.06.2014 US\$'000 (unaudited)	29.09.2012 - 28.06.2013 US\$'000 (unaudited)
Operating activities				
Profit before income tax	24,248	17,082	61,563	58,115
Adjustments for:				
Amortisation of prepayment to suppliers	-	7,617	13,865	22,850
Amortisation of senior notes issuing expenses	448	351	1,176	1,191
Depreciation expense	19,581	22,081	63,110	65,615
(Gain) loss on revaluation of investment properties	-	-	(102)	128
Loss on disposal of property, plant and equipment	344	-	519	-
Impairment loss on property, plant and equipment	-	-	3,999	-
Interest expense	20,319	11,269	62,401	33,808
Interest income	(6)	(26)	(6)	(30)
Provision for claims	-	-	3,223	-
Statutory employee profit share	1,721	-	5,111	-
Operating cash flows before movements in working capital	66,655	58,374	214,859	181,677
Trade receivables	(11,721)	19,470	16,405	48,860
Other receivables and prepayments	42,522	(28,265)	(36,304)	11,182
Deferred expenses	(13,047)	12,771	(14,218)	7,896
Inventories	(19,171)	(19,942)	(85,194)	(29,142)
Trade payables	3,950	1,077	2,748	(2,307)
Other payables and accrued expenses and long term payables	(10,506)	6,431	(18,284)	(2,110)
Derivative financial instruments	502	2,454	(1,046)	1,351
Cash generated from operations	59,184	52,370	78,966	217,407
Interest paid	(7,514)	(3,834)	(48,921)	(26,538)
Income tax (paid) refund	(3,571)	(1,178)	(5,369)	556
Net cash from operating activities	48,099	47,358	24,676	191,425
Investing activities				
Purchase of property, plant and equipment	(33,019)	(3,251)	(52,410)	(14,060)
Refund (additions) of prepayment to suppliers	60,000	-	60,000	(150,000)
Proceeds from disposal of property, plant and equipment	-	-	1,394	-
Deposit paid for acquisition	-	(5,000)	-	(5,000)
Additions to available-for-sale investments	-	-	-	(54,222)
Acquisition of subsidiaries (Note A)	-	(2,447)	(7,129)	(2,447)
Interest received	6	26	6	30
Net cash from (used in) investing activities	26,987	(10,672)	1,861	(225,699)
Financing activities				
Dividend paid	-	-	(16,143)	(15,712)
Net proceeds from issue of shares	-	277,587	-	277,587
Additions (repayment) of working capital loans	6,996	(7,836)	61,582	102,256
Additions of bank loan	-	-	550,000	-
Repayment of bank loans	-	(12,935)	(561,595)	(60,179)
Repayment of obligation under finance leases	(1,038)	(957)	(3,052)	(2,813)
Net cash from financing activities	5,958	255,859	30,792	301,139
Net increase in cash and cash equivalents	81,044	292,545	57,329	266,865
Cash and cash equivalents at beginning of the period	50,861	25,735	74,576	51,415
Cash and cash equivalents at end of the period	131,905	318,280	131,905	318,280
Being:				
Cash at bank	131,288	317,337	131,288	317,337
Cash on hand	617	943	617	943
	131,905	318,280	131,905	318,280

Note (A)

Net cash outflow arising on acquisition of subsidiaries

	Nine months ended 28.06.2013		
	Acquirees' carrying amount before combination US\$'000	Fair value adjustments US\$'000	Fair value US\$'000
Net assets acquired of:			
Fishing permits	-	2,500	2,500
Cash balances	53	-	53
Other receivables and prepayments	929	-	929
Other payables and accrued expenses	(977)	-	(977)
Deferred tax liabilities	(5)	(750)	(755)
	<u>-</u>	<u>1,750</u>	<u>1,750</u>
Goodwill arising on acquisition			750
Total consideration, satisfied by cash			<u>2,500</u>
Net cash outflow arising on acquisition:			
Cash consideration			2,500
Less: cash balances			<u>(53)</u>
			<u>2,447</u>

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Share premium	Warrants reserve	Other reserve	Foreign currency translation reserve	Revaluation reserve	Merger reserve	Retained earnings	Non-controlling interest	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group										
Balance at 28 September 2012	51,159	282,239	12,714	-	-	6,606	(30,503)	493,289	-	815,504
Total comprehensive income for the period	-	-	-	-	-	2,001	-	55,518	(792)	56,727
Final dividend of 1.9 Singapore cents per ordinary share in respect of FY2012	-	-	-	-	-	-	-	(15,712)	-	(15,712)
Balance at 28 March 2013	51,159	282,239	12,714	-	-	8,607	(30,503)	533,095	(792)	856,519
Issue of shares on exercise of rights issue	51,159	230,525	-	-	-	-	-	-	-	281,684
Share issue expenses	-	(4,097)	-	-	-	-	-	-	-	(4,097)
Total comprehensive income for the period	-	-	-	-	-	4,444	-	14,988	507	19,939
Balance at 28 June 2013	102,318	508,667	12,714	-	-	13,051	(30,503)	548,083	(285)	1,154,045
Balance at 28 September 2013	102,318	521,382	-	-	3,835	7,053	(30,503)	561,836	8,420	1,174,341
Total comprehensive income for the period	-	-	-	-	(932)	338	-	32,205	1,060	32,671
Non-controlling interests arising from acquisition of additional interest in subsidiaries	-	-	-	855	-	-	-	-	(7,984)	(7,129)
Final dividend of 1.0 Singapore cent per ordinary share in respect of FY2013	-	-	-	-	-	-	-	(16,143)	-	(16,143)
Balance at 28 March 2014	102,318	521,382	-	855	2,903	7,391	(30,503)	577,898	1,496	1,183,740
Total comprehensive income for the period	-	-	-	-	1,250	-	-	18,658	963	20,871
Balance at 28 June 2014	102,318	521,382	-	855	4,153	7,391	(30,503)	596,556	2,459	1,204,611
Company										
Balance at 28 September 2012	51,159	282,239	12,714	-	-	-	-	41,145	-	387,257
Total comprehensive income for the period	-	-	-	-	-	-	-	6,306	-	6,306
Final dividend of 1.9 Singapore cents per ordinary share in respect of FY2012	-	-	-	-	-	-	-	(15,712)	-	(15,712)
Balance at 28 March 2013	51,159	282,239	12,714	-	-	-	-	31,739	-	377,851
Issue of shares on exercise of rights issue	51,159	230,525	-	-	-	-	-	-	-	281,684
Share issue expenses	-	(4,097)	-	-	-	-	-	-	-	(4,097)
Total comprehensive income for the period	-	-	-	-	-	-	-	2,031	-	2,031
Balance at 28 June 2013	102,318	508,667	12,714	-	-	-	-	33,770	-	657,469
Balance at 28 September 2013	102,318	521,382	-	-	-	-	-	30,625	-	654,325
Total comprehensive income for the period	-	-	-	-	-	-	-	9,091	-	9,091
Final dividend of 1.0 Singapore cent per ordinary share in respect of FY2013	-	-	-	-	-	-	-	(16,143)	-	(16,143)
Balance at 28 March 2014	102,318	521,382	-	-	-	-	-	23,573	-	647,273
Total comprehensive income for the period	-	-	-	-	-	-	-	4,067	-	4,067
Balance at 28 June 2014	102,318	521,382	-	-	-	-	-	27,640	-	651,340

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company did not issue any shares during the third quarter ended 28.06.2014 (28.06.2013: 1,023,177,273).

As at 28.06.2014, there were 96,153,846 outstanding warrants at an exercise price of S\$0.52 each (28.06.2013: 26,666,666).

The Company did not make any purchases of its shares during the third quarter ended 28.06.2014 (28.06.2013: Nil).

The Company did not have any outstanding convertibles and treasury shares as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at the end of the current financial period: 2,046,354,546 shares (28.09.2013: 2,046,354,546 shares).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 28.09.2013.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	Third quarter ended		Nine months ended	
	29.03.2014 - 28.06.2014 (unaudited)	29.03.2013 - 28.06.2013 (unaudited)	29.09.2013 - 28.06.2014 (unaudited)	29.09.2012 - 28.06.2013 (unaudited)
Earnings per ordinary share				
(i) Based on weighted average number of ordinary shares in issue The calculation of the basic earnings per share is based on the following data: Earnings Weighted average number of ordinary shares used in calculation of the basic earnings per share	US 0.91 cents US\$18,658,000 2,046,354,546	US 0.81 cents US\$14,988,000 1,842,199,540	US 2.50 cents US\$50,863,000 2,046,354,546	US 5.00 cents US\$70,506,000 1,411,522,895
(ii) On a fully diluted basis The calculation of the diluted earnings per share is based on the following data: Earnings Weighted average number of ordinary shares used in calculation of the diluted earnings per share	US 0.91 cents US\$18,658,000 2,046,354,546	US 0.81 cents US\$14,988,000 1,842,199,540	US 2.50 cents US\$50,863,000 2,046,354,546	US 5.00 cents US\$70,506,000 1,411,522,895

Note:

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the third quarter and nine months ended 28 June 2013 respectively has been adjusted by incorporating the effects of rights issue during the period ended 28 June 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) Current financial period reported on; and
(b) Immediately preceding financial year.

	Group		Company	
	28.06.2014	28.09.2013	28.06.2014	28.09.2013
Net asset value per ordinary share based on existing issued share capital as at the end of period reported on	US\$0.59	US\$0.57	US\$0.32	US\$0.32

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement

3QFY2014 (3 months ended 28 June 2014) vs 3QFY2013 (3 months ended 28 June 2013)

Group revenue increased by 1.7% from US\$152.4 million to US\$155.0 million.

Revenue from the Peruvian Fishmeal Operations, which accounted for 78.2% of total revenue, increased by 135.0% from US\$51.5 million to US\$121.1 million. The increase was due to contributions from the enlarged Peruvian Fishmeal Operations incorporating Copeinca AS ("Copeinca"). Key operating statistics of the Peruvian Fishmeal Operations for the third quarter compared with the prior-year periods are shown below:

<i>Metric ton</i>	3QFY2014	3QFY2013
Fishmeal produced	85,165	34,646
Fishmeal sold	64,488	25,604
Average selling price of fishmeal sold (US\$/metric ton)	1,525	1,848
Fish oil produced	18,105	7,457
Fish oil sold	6,152	1,462
Average selling price of fish oil sold (US\$/metric ton)	2,020	2,655

Revenue from the Contract Supply Business, which accounted for 16.0% of total revenue, decreased by 73.8% from US\$94.4 million to US\$24.8 million, due mainly to the termination and non-renewal of the Long Term Supply Agreements (the “LSAs”).

Revenue from the China Fishery Fleet (“CF Fleet”) operations, which accounted for 5.8% of total revenue, increased by 41.5% from US\$6.4 million to US\$9.1 million. This was primarily attributed to higher catch and sales volume recorded from the fishing operations in Namibia.

The geographical breakdown of the Group’s revenue is as follows:

PRC – 43%

Europe – 25%

Japan & Korea – 14%

South America – 6%

South East Asia – 5%

West Africa – 5%

Others – 2%

Cost of sales and vessel operating costs decreased by 15.3% from US\$113.4 million to US\$96.0 million. This was mainly attributable to lower sales volume under the Contract Supply Business.

Gross profit increased by 51.1% from US\$39.0 million to US\$59.0 million. Gross margin improved from 25.6% to 38.1%, mainly reflecting sales leverage on fixed costs resulting from higher fishmeal and fish oil production.

Selling expenses increased by 99.9% from US\$3.7 million to US\$7.4 million, in line with higher sales volume of fishmeal and fish oil.

Finance costs increased by 78.7% from US\$11.6 million to US\$20.8 million due mainly to the consolidation of senior notes issued by Copeinca and the term loan drawn to finance the acquisition of Copeinca.

EBITDA increased by 9.8% from US\$60.9 million to US\$66.8 million, while EBITDA margin increased from 39.9% to 43.1%, due primarily to higher contribution and cost savings derived from the enlarged Peruvian Fishmeal Operations.

Net profit for the period increased by 26.6% from US\$15.5 million to US\$19.6 million.

9MFY2014 (9 months ended 28 June 2014) vs 9MFY2013 (9 months ended 28 June 2013)

Group revenue increased by 13.4% from US\$423.2 million to US\$480.1 million.

Revenue from the Peruvian Fishmeal Operations, which accounted for 67.6% of total revenue, increased by 2.9 times from US\$83.3 million to US\$324.6 million, reflecting contribution from the enlarged Peruvian Fishmeal Operations.

Key operating statistics of the Peruvian Fishmeal Operations for the nine months compared with the prior-year period are shown below:

<i>Metric ton</i>	9MFY2014	9MFY2013
Fishmeal produced	216,422	48,936
Fishmeal sold	166,222	38,171
Average selling price of fishmeal sold (US\$/metric ton)	1,425	1,729
Fish oil produced	37,158	9,046
Fish oil sold	32,897	6,330
Average selling price of fish oil sold (US\$/metric ton)	1,985	2,348

Revenue from the Contract Supply Business, which accounted for 27.1% of total revenue, decreased by 59.5% from US\$320.8 million to US\$130.1 million, due primarily to the termination and non-renewal of the Long Term Supply Agreements (the “LSAs”).

Revenue from the CF Fleet operations, which accounted for 5.3% of total revenue, increased by 33.3% from US\$19.1 million to US\$25.4 million, mainly as a result of higher catch and sales volume recorded from the fishing operations in Namibia.

The geographical breakdown of the Group’s revenue is as follows:

PRC – 59%

Europe – 14%

South America – 10%

Japan & Korea – 6%

West Africa – 4%

South East Asia – 3%

Others – 4%

Despite a 57% increase in overall sales volume, cost of sales and vessel operating costs increased by only 6.0% from US\$296.2 million to US\$313.8 million. This was mainly attributable to the increase in productivity and broader economies of scale achieved in the enlarged Peruvian Fishmeal Operations. Gross profit increased by 30.9% from US\$127.0 million to US\$166.2 million, and gross profit margin improved from 30.0% to 34.6%.

Other operating income increased by 155.0% from US\$2.8 million to US\$7.1 million. This was attributable to sales of consumables.

Selling expenses increased marginally by 2.0% from US\$20.0 million to US\$20.4 million, due primarily to higher sales volume of fishmeal and fish oil that more than offset lower sales volume from the Contract Supply Business.

Administrative expenses increased by 41.0% from US\$15.2 million to US\$21.5 million, due primarily to consolidation of results of Copeinca into the Group.

Other operating expenses increased by 3.3 times from US\$1.5 million to US\$6.3 million, due primarily to the write-off of a fishing vessel in Peru which had sunk in 1QFY2014. This amount will be recovered through insurance coverage expected in 4QFY2014.

Finance costs increased by 81.7% from US\$35.0 million to US\$63.6 million due to additional interest expenses as a result of the consolidation of senior notes issued by Copeinca and the term loan drawn to finance the acquisition of Copeinca.

EBITDA increased by 16.7% from US\$182.9 million to US\$213.4 million, while EBITDA margin increased slightly from 43.2% to 44.5%. Higher contribution and cost savings derived from the enlarged Peruvian Fishmeal Operations more than offset the negative impact from the termination and non-renewal of the LSAs under the Contract Supply Business.

Net profit decreased by 24.7% from US\$70.2 million to US\$52.9 million, due primarily to higher finance costs and income tax expenses in Peru.

Statement of financial position

28 June 2014 vs 28 September 2013

Total assets increased by 2.9% from US\$2,770.7 million to US\$2,851.9 million.

Current assets increased by 45.4% from US\$581.8 million to US\$846.1 million. The increase was due mainly to:

1. Increase in cash and bank balances following the partial refund of prepayment (from the Russian Suppliers following the termination of the LSAs),
2. Higher fishmeal and fish oil inventories in the enlarged Peruvian Fishmeal Operations due to improving catch results towards the end of the quarter, and
3. Reclassification of prepayments made to suppliers to “Current Assets” after the termination of the LSAs.

Non-current assets decreased by 8.4% from US\$2,188.9 million to US\$2,005.7 million due primarily to the reclassification of prepayments made to suppliers to “Current Assets” after the termination of the LSAs.

Total liabilities increased by 3.2% from US\$1,596.4 million to US\$1,647.3 million.

Current liabilities decreased by 37.0% from US\$579.8 million to US\$365.4 million after the completion of the refinancing of short term bank loans.

Non-current liabilities increased by 26.1% from US\$1,016.5 million to US\$1,281.9 million after the refinancing of short term bank loans into a 4 year term loan in March 2014.

Net debt to equity ratio improved from 97.5% to 93.8%.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The 3QFY2014 results announcement is in line with the prospect statement disclosed to shareholders in the 2QFY2014 results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Prospects and Outlook

Looking ahead to 4QFY2014, the Group will remain focused on consolidation of its enlarged Peruvian Fishmeal Operations, to realize maximum value from the synergies and efficiencies generated.

For the 2014 first anchovy fishing season in Peru, the Peruvian Government has set the Total Allowable Catch (“TAC”) at 2.53 million tons, a 23.4% increase on the 2.05 million tons for the same fishing season last year. However, the Group and its industry peers have experienced a reduced catch in Peru during the fishing season largely due to El Niño effect, in this case, a temporary warming of the waters off the coast of Peru. Despite this lower catch volume, the Group is confident that the higher average selling prices of fishmeal and fish oil will be able to partially compensate for the reduction in sales volume.

Due to its unique nutritional properties, demand for fishmeal and fish oil from the aquaculture and animal farming industries continue to grow and remains strong. According to the International Fishmeal and Fish Oil Organisation (“IFFO”), the F.O.B. average selling price of fishmeal (Super Prime Grade) increased from US\$1,620 / ton in April 2014 to US\$1,905 / ton in July 2014.

Barring any unforeseen circumstances, the Group is confident of achieving continued profitability for the next quarter and FY2014.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the 3QFY2014.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement of that effect.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST)		Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST (excluding transactions less than S\$100,000)	
	29.03.2014 - 28.06.2014 US\$'000	29.03.2013 - 28.06.2013 US\$'000	29.03.2014 - 28.06.2014 US\$'000	29.03.2013 - 28.06.2013 US\$'000
Pacific Andes Resources Development Limited and its subsidiaries:				
Sales of catches	-	-	-	-
Sales of fishmeal products	-	-	-	-
Purchase of bunker and other vessel supplies	-	-	-	-

14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the SGX-ST

On behalf of the Board, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of China Fishery Group Limited, which may render the financial statements in respect of the 3QFY2014 to be false or misleading in any material aspect.

For and on behalf of the Board of China Fishery Group Limited

(signed)
Ng Joo Siang
Executive Director

(signed)
Chan Tak Hei
Finance Director

BY ORDER OF THE BOARD

Yvonne Choo
Company Secretary

August 11, 2014

15. SUPPLEMENTARY NOTES

Third quarter results for the period ended June 28, 2014 in Singapore Dollar equivalent. These figures have not been audited.

1(a) Group Income Statement

	Group					
	Third quarter ended		Increase / (Decrease) %	Nine months ended		Increase / (Decrease) %
	29.03.2014 - 28.06.2014 S\$'000	29.03.2013 - 28.06.2013 S\$'000		29.09.2013 - 28.06.2014 S\$'000	29.09.2012 - 28.06.2013 S\$'000	
Revenue	193,559	193,352	0.1	599,599	536,922	11.7
Cost of sales	(65,250)	(110,698)	(41.1)	(267,111)	(277,318)	(3.7)
Vessel operating costs	(54,634)	(33,132)	64.9	(124,865)	(98,479)	26.8
Gross profit	73,675	49,522	48.8	207,623	161,125	28.9
Other operating income	1,182	1,061	11.4	8,825	3,516	151.0
Selling expenses	(9,220)	(4,684)	96.8	(25,430)	(25,320)	0.4
Administrative expenses	(9,411)	(9,482)	(0.7)	(26,805)	(19,314)	38.8
Other operating expenses	(1)	-	NM	(7,914)	(1,864)	324.6
Finance costs	(25,938)	(14,743)	75.9	(79,408)	(44,407)	78.8
Profit before income tax	30,287	21,674	39.7	76,891	73,736	4.3
Income tax (expense) benefit	(5,779)	(2,014)	186.9	(10,830)	15,360	(170.5)
Profit for the period	24,508	19,660	24.7	66,061	89,096	(25.9)
Attributable to:						
Owners of the Company	23,304	19,017	22.5	63,528	89,458	(29.0)
Non-controlling interests	1,204	643	87.2	2,533	(362)	(799.7)
	24,508	19,660	24.7	66,061	89,096	(25.9)

Consolidated statement of comprehensive income:

	Group					
	Third quarter ended		Increase / (Decrease) %	Nine months ended		Increase / (Decrease) %
	29.03.2014 - 28.06.2014 S\$'000	29.03.2013 - 28.06.2013 S\$'000		29.09.2013 - 28.06.2014 S\$'000	29.09.2012 - 28.06.2013 S\$'000	
Profit for the period	24,508	19,660	24.7	66,061	89,096	(25.9)
Other comprehensive income:						
- Exchange difference on translation of the Group's overseas	1,561	-	NM	390	-	NM
- Fair value change of available-for-sale investments	-	5,638	(100.0)	-	8,115	(100.0)
- Gain on revaluation of properties	-	-	NM	422	62	580.6
Total comprehensive income for the period, attributable to the owners of the Company	26,069	25,298	3.0	66,873	97,273	(31.3)
Attributable to:						
Owners of the Company	24,866	24,655	0.9	64,346	97,635	(34.1)
Non-controlling interests	1,203	643	87.1	2,527	(362)	(798.1)
	26,069	25,298	3.0	66,873	97,273	(31.3)

1(b)(i) Consolidated Statement of financial position

	Group		Group	
	28.06.2014 US\$'000	28.09.2013 US\$'000	28.06.2014 S\$'000	28.09.2013 S\$'000
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	131,905	74,576	164,748	93,772
Trade receivables	125,070	141,475	156,211	177,891
Other receivables and prepayments	191,359	155,055	239,006	194,966
Advances to suppliers	40,500	40,500	50,585	50,925
Prepaid income tax	6,766	12,758	8,451	16,042
Deferred expenses	47,153	32,935	58,894	41,412
Inventories	183,387	98,193	229,050	123,468
Current portion of prepayment to suppliers	120,000	26,298	149,880	33,067
Total current assets	<u>846,140</u>	<u>581,790</u>	<u>1,056,825</u>	<u>731,543</u>
Non-current assets:				
Prepayment to suppliers	61,525	229,092	76,845	288,060
Property, plant and equipment	622,485	638,201	777,484	802,474
Investment property	3,320	3,218	4,147	4,046
Goodwill	95,721	95,721	119,556	120,360
Fishing and plant permits	1,222,670	1,222,670	1,527,115	1,537,385
Total non-current assets	<u>2,005,721</u>	<u>2,188,902</u>	<u>2,505,147</u>	<u>2,752,325</u>
Total assets	<u><u>2,851,861</u></u>	<u><u>2,770,692</u></u>	<u><u>3,561,972</u></u>	<u><u>3,483,868</u></u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Trade payables	20,627	17,879	25,763	22,481
Other payables and accrued expenses	26,253	15,122	32,790	19,014
Derivative financial instruments	849	1,895	1,060	2,383
Income tax payable	8,647	2,828	10,800	3,556
Current portion of finance leases	1,284	3,866	1,604	4,861
Current portion of bank loans	307,720	538,248	384,342	676,793
Total current liabilities	<u>365,380</u>	<u>579,838</u>	<u>456,359</u>	<u>729,088</u>
Non-current liabilities:				
Long term payables	25,088	30,387	31,335	38,209
Finance leases	-	470	-	591
Bank loans	418,182	137,667	522,309	173,102
Senior notes	531,961	530,785	664,419	667,409
Deferred tax liabilities	306,639	317,204	382,992	398,852
Total non-current liabilities	<u>1,281,870</u>	<u>1,016,513</u>	<u>1,601,055</u>	<u>1,278,163</u>
Capital and reserves:				
Share capital	102,318	102,318	127,795	128,655
Reserves	1,099,834	1,063,603	1,373,692	1,337,375
Attributable to owners of the Company	<u>1,202,152</u>	<u>1,165,921</u>	<u>1,501,487</u>	<u>1,466,030</u>
Non-controlling interests	2,459	8,420	3,071	10,587
Net equity	<u>1,204,611</u>	<u>1,174,341</u>	<u>1,504,558</u>	<u>1,476,617</u>
Total liabilities and equity	<u><u>2,851,861</u></u>	<u><u>2,770,692</u></u>	<u><u>3,561,972</u></u>	<u><u>3,483,868</u></u>

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	Third quarter ended		Nine months ended	
	29.03.2014 - 28.06.2014	29.03.2013 - 28.06.2013	29.09.2013 - 28.06.2014	29.09.2012 - 28.06.2013
(i) Based on weighted average number of ordinary shares in issue; and	S 1.14 cents	S 1.03 cents	S 3.12 cents	S 6.34 cents
(ii) On a fully diluted basis	S 1.14 cents	S 1.03 cents	S 3.12 cents	S 6.34 cents

Note:

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the third quarter and nine months ended 28 June 2013 respectively has been adjusted by incorporating the effects of rights issue during the period ended 28 June 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) Current financial period reported on; and**
(b) Immediately preceding financial year.

	Group		Group	
	28.06.2014	28.09.2013	28.06.2014	28.09.2013
Net asset value per ordinary share based on existing issued share capital as at the end of period reported on	US\$0.59	US\$0.57	S\$0.74	S\$0.72

* Exchange Rate

As at 28.06.2014: US\$1 = S\$1.2490

As at 28.09.2013: US\$1 = S\$1.2574

3 months ended 28.06.2014: US\$1 = S\$1.2490

3 months ended 28.06.2013: US\$1 = S\$1.2688