

CHINA FISHERY GROUP LIMITED

SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 28 MARCH, 2015

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. 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 second quarter and first half year ended 28 March, 2015

	Group					
	Second quarter ended		Increase / (Decrease) %	First half year ended		Increase / (Decrease) %
	29.12.2014 - 28.03.2015	29.12.2013 - 28.03.2014		29.09.2014 - 28.03.2015	29.09.2013 - 28.03.2014	
US\$'000 (unaudited)	US\$'000 (unaudited)		US\$'000 (unaudited)	US\$'000 (unaudited)		
Revenue	76,696	179,882	(57.4)	200,613	325,092	(38.3)
Cost of sales	(25,251)	(80,174)	(68.5)	(93,393)	(161,618)	(42.2)
Vessel operating costs	(14,446)	(36,756)	(60.7)	(31,980)	(56,230)	(43.1)
Gross profit	36,999	62,952	(41.2)	75,240	107,244	(29.8)
Other operating income	2,037	(254)	(902.0)	3,197	6,120	(47.8)
Selling expenses	(1,415)	(6,987)	(79.7)	(6,003)	(12,978)	(53.7)
Administrative expenses	(7,229)	(7,447)	(2.9)	(13,081)	(13,926)	(6.1)
Other operating expenses	(5,930)	(460)	1,189.1	(6,883)	(6,335)	8.7
Finance costs	(19,046)	(22,787)	(16.4)	(40,135)	(42,810)	(6.2)
Profit before income tax	5,416	25,017	(78.4)	12,335	37,315	(66.9)
Income tax (expense) benefit	(337)	(7,445)	(95.5)	6,291	(4,044)	(255.6)
Profit for the period	5,079	17,572	(71.1)	18,626	33,271	(44.0)
Attributable to:						
Owners of the Company	4,279	17,439	(75.5)	17,113	32,205	(46.9)
Non-controlling interests	800	133	501.5	1,513	1,066	41.9
	5,079	17,572	(71.1)	18,626	33,271	(44.0)

Consolidated statement of comprehensive income:

	Group					
	Second quarter ended		Increase / (Decrease) %	First half year ended		Increase / (Decrease) %
	29.12.2014 - 28.03.2015	29.12.2013 - 28.03.2014		29.09.2014 - 28.03.2015	29.09.2013 - 28.03.2014	
US\$'000 (unaudited)	US\$'000 (unaudited)		US\$'000 (unaudited)	US\$'000 (unaudited)		
Profit for the period	5,079	17,572	(71.1)	18,626	33,271	(44.0)
Other comprehensive income:						
- Exchange difference on translation of the Group's overseas operations	-	1,910	NM	-	(938)	NM
- Loss on revaluation of properties	(107)	338	(131.7)	(107)	338	(131.7)
Total comprehensive income for the period, attributable to the owners of the Company	4,972	19,820	(74.9)	18,519	32,671	(43.3)
Attributable to:						
Owners of the Company	4,172	19,687	(78.8)	17,006	31,611	(46.2)
Non-controlling interests	800	133	501.5	1,513	1,060	42.7
	4,972	19,820	(74.9)	18,519	32,671	(43.3)

	Group					
	Second quarter ended		Increase / (Decrease) %	First half year ended		Increase / (Decrease) %
	29.12.2014 - 28.03.2015	29.12.2013 - 28.03.2014		29.09.2014 - 28.03.2015	29.09.2013 - 28.03.2014	
	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)		
Other operating income						
including interest income	2,037	(254)	(902.0)	3,197	6,120	(47.8)
Interest on borrowings	(18,735)	(22,421)	(16.4)	(39,608)	(42,082)	(5.9)
Amortisation of senior notes						
issuing expenses including in finance costs	(311)	(366)	(15.0)	(527)	(728)	(27.6)
Amortisation of prepayment to suppliers	-	(6,248)	(100.0)	-	(13,865)	(100.0)
Depreciation expense	(12,117)	(21,713)	(44.2)	(30,843)	(43,529)	(29.1)
(Loss) gain on disposal of property, plant and equipment	(781)	814	(195.9)	(1,001)	(175)	472.0
Change in fair value in derivative financial instruments	-	(501)	(100.0)	307	1,548	(80.2)
Foreign exchange gain (loss)	90	(1,016)	(108.9)	155	(633)	(124.5)

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	
	28.03.2015 US\$'000 (unaudited)	28.09.2014 US\$'000 (audited)	28.03.2015 US\$'000 (unaudited)	28.09.2014 US\$'000 (audited)
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	122,323	129,086	57	104
Trade receivables	100,709	144,757	-	-
Other receivables and prepayments	223,120	226,304	3,081	71
Derivative financial instruments	446	139	-	-
Advances to suppliers	40,500	40,500	-	-
Prepaid income tax	7,237	7,237	-	-
Deferred expenses	58,748	41,598	-	-
Inventories	85,450	158,404	-	-
Current portion of receivable from/ prepayment to suppliers (Note 1)	61,645	109,000	-	-
Total current assets	700,178	857,025	3,138	175
Non-current assets:				
Receivable from/ prepayment to suppliers (Note 1)	-	21,525	-	-
Property, plant and equipment	576,159	602,655	-	-
Investment property	3,128	3,385	-	-
Goodwill	95,721	95,721	-	-
Fishing and plant permits	1,222,670	1,222,670	-	-
Associate	4,629	4,629	-	-
Subsidiaries	-	-	676,802	672,844
Held to maturity financial asset	-	-	3,060	3,060
Total non-current assets	1,902,307	1,950,585	679,862	675,904
Total assets	2,602,485	2,807,610	683,000	676,079
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Trade payables	13,035	16,599	-	-
Other payables and accrued expenses	12,674	27,456	1,909	606
Income tax payable	2,643	10,076	-	-
Financial guarantee contract	-	-	4,068	4,068
Current portion of bank loans	166,560	303,607	-	-
Total current liabilities	194,912	357,738	5,977	4,674
Non-current liabilities:				
Financial guarantee contract	-	-	13,141	15,127
Long term payables	25,540	24,869	-	-
Bank loans	318,232	376,370	-	-
Senior notes	532,663	532,136	-	-
Deferred tax liabilities	303,591	307,469	-	-
Total non-current liabilities	1,180,026	1,240,844	13,141	15,127
Capital and reserves:				
Share capital	102,318	102,318	102,318	102,318
Reserves	1,121,536	1,104,530	561,564	553,960
Attributable to owners of the Company	1,223,854	1,206,848	663,882	656,278
Non-controlling interests	3,693	2,180	-	-
Net equity	1,227,547	1,209,028	663,882	656,278
Total liabilities and equity	2,602,485	2,807,610	683,000	676,079

Notes:

1. Receivable from/ prepayment to suppliers

	28.03.2015 US\$'000	28.09.2014 US\$'000
<i>Current portion</i>		
2nd LSA	-	6,497
3rd LSA	12,110	40,450
4th LSA	49,535	62,053
	<u>61,645</u>	<u>109,000</u>
<i>Non-current portion</i>		
2nd LSA	-	1,283
3rd LSA	-	7,988
4th LSA	-	12,254
	<u>-</u>	<u>21,525</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 28.03.2015		As at 28.09.2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
(unaudited)	(unaudited)	(audited)	(audited)
6,662	159,898	67,474	236,133

Amount repayable after one year

As at 28.03.2015		As at 28.09.2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
(unaudited)	(unaudited)	(audited)	(audited)
-	850,895	-	908,506

Details of any collateral

The inventory loans are pledged by its fishmeal inventories in Peru with net carrying values of approximately US\$0.7 million (28.09.2014: US\$49.5 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			
	Second quarter ended		First half year ended	
	29.12.2014 - 28.03.2015	29.12.2013 - 28.03.2014	29.09.2014 - 28.03.2015	29.09.2013 - 28.03.2014
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities				
Profit before income tax	5,416	25,017	12,335	37,315
Adjustments for:				
Amortisation of prepayment to suppliers	-	6,248	-	13,865
Amortisation of senior notes issuing expenses	311	366	527	728
Depreciation expense	12,117	21,713	30,843	43,529
Loss (gain) on revaluation of investment properties	257	(102)	257	(102)
Bargain purchase on acquisition of subsidiaries	-	(463)	-	(855)
Loss (gain) on disposal of property, plant and equipment	781	(814)	1,001	175
Impairment loss from property, plant and equipment	-	13	-	3,999
Interest expense	18,735	22,421	39,608	42,082
Interest income	(20)	-	(38)	-
Provision for claims	-	1,034	-	3,223
Statutory employee profit share	-	3,390	-	3,390
Operating cash flows before movements in working capital	37,597	78,823	84,533	147,349
Trade receivables	13,146	(17,638)	44,048	28,126
Other receivables and prepayments	(24,207)	(78,129)	3,184	(78,826)
Deferred expenses	(20,476)	(4,745)	(17,150)	(1,171)
Inventories	20,458	34,586	72,954	(66,023)
Trade payables	1,777	(8,795)	(3,564)	(1,202)
Other payables and accrued expenses and long term payables	21,747	5,144	(13,859)	(6,923)
Derivative financial instruments	-	501	(307)	(1,548)
Cash generated from operations	50,042	9,747	169,839	19,782
Interest paid	(38,156)	(36,038)	(40,158)	(41,407)
Income tax paid	(1,861)	(1,398)	(5,020)	(1,798)
Net cash from (used in) operating activities	10,025	(27,689)	124,661	(23,423)
Investing activities				
Purchase of property, plant and equipment	(3,080)	(12,827)	(5,768)	(19,391)
Proceeds from disposal of property, plant and equipment	-	59	313	1,394
Refund of prepayment to suppliers	50,000	-	68,880	-
Acquisition of additional interest in subsidiaries	-	(1,771)	-	(7,129)
Interest received	20	-	38	-
Net cash from (used in) investing activities	46,940	(14,539)	63,463	(25,126)
Financing activities				
Additions of bank loans	-	513,382	-	550,000
Repayment of bank loans	(50,000)	(561,595)	(100,000)	(561,595)
Additions of working capital loans	(55,144)	84,726	(94,887)	54,586
Dividend paid	-	(16,143)	-	(16,143)
Repayment of obligation under finance leases	-	(1,017)	-	(2,014)
Net cash (used in) from financing activities	(105,144)	19,353	(194,887)	24,834
Net decrease in cash and cash equivalents	(48,179)	(22,875)	(6,763)	(23,715)
Cash and cash equivalents at beginning of the period	170,502	73,736	129,086	74,576
Cash and cash equivalents at end of the period	122,323	50,861	122,323	50,861
Being:				
Cash at bank	122,204	50,541	122,204	50,541
Cash on hand	119	320	119	320
	122,323	50,861	122,323	50,861

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 interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group										
Balance at September 28, 2013	102,318	521,382	-	-	3,835	7,053	(30,503)	561,836	8,420	1,174,341
Total comprehensive income for the period	-	-	-	-	(2,842)	-	-	14,766	927	12,851
Non-controlling interests arising from acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(5,750)	(5,750)
Balance at December 28, 2013	102,318	521,382	-	-	993	7,053	(30,503)	576,602	3,597	1,181,442
Total comprehensive income for the period	-	-	-	-	1,910	338	-	17,439	133	19,820
Non-controlling interests arising from acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(2,234)	(2,234)
Final dividend of 1.0 Singapore cent per ordinary share in respect of FY2013	-	-	-	-	-	-	-	(16,143)	-	(16,143)
Balance at March 28, 2014	102,318	521,382	-	-	2,903	7,391	(30,503)	577,898	1,496	1,182,885
Balance at September 28, 2014	102,318	517,951	3,431	855	3,835	7,879	(30,503)	601,082	2,180	1,209,028
Total comprehensive income for the period	-	-	-	-	-	-	-	12,834	713	13,547
Balance at December 28, 2014	102,318	517,951	3,431	855	3,835	7,879	(30,503)	613,916	2,893	1,222,575
Total comprehensive income for the period	-	-	-	-	-	(107)	-	4,279	800	4,972
Balance at March 28, 2015	102,318	517,951	3,431	855	3,835	7,772	(30,503)	618,195	3,693	1,227,547
Company										
Balance at September 28, 2013	102,318	521,382	-	-	-	-	-	30,625	-	654,325
Total comprehensive income for the period	-	-	-	-	-	-	-	3,653	-	3,653
Balance at December 28, 2013	102,318	521,382	-	-	-	-	-	34,278	-	657,978
Total comprehensive income for the period	-	-	-	-	-	-	-	5,438	-	5,438
Final dividend of 1.0 Singapore cents per ordinary share in respect of FY2013	-	-	-	-	-	-	-	(16,143)	-	(16,143)
Balance at March 28, 2014	102,318	521,382	-	-	-	-	-	23,573	-	647,273
Balance at September 28, 2014	102,318	517,951	3,431	-	-	-	-	32,578	-	656,278
Total comprehensive income for the period	-	-	-	-	-	-	-	4,506	-	4,506
Balance at December 28, 2014	102,318	517,951	3,431	-	-	-	-	37,084	-	660,784
Total comprehensive income for the period	-	-	-	-	-	-	-	3,098	-	3,098
Balance at March 28, 2015	102,318	517,951	3,431	-	-	-	-	40,182	-	663,882

- 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 second quarter ended 28.03.2015 (28.03.2014: Nil). On 27 January 2014, the Company issued 96,153,846 warrants at an exercise price of S\$0.52 each to CAP III-A Limited.

As at 28.03.2015, there were 96,153,846 outstanding warrants at an exercise price of S\$0.52 each (28.03.2014: 96,153,846).

The Company did not make any purchases of its shares during the second quarter ended 28.03.2015 (28.03.2014: 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 (28.09.2014: 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 28.09.2014.

- 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	
	Second quarter ended		First half year ended	
	29.12.2014 - 28.03.2015 (unaudited)	29.12.2013 - 28.03.2014 (unaudited)	29.09.2014 - 28.03.2015 (unaudited)	29.09.2013 - 28.03.2014 (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 0.21 cents US\$4,279,000 2,046,354,546	US 0.85 cents US\$17,439,000 2,046,354,546	US 0.84 cents US\$17,113,000 2,046,354,546	US 1.57 cents US\$32,205,000 2,046,354,546
(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 0.21 cents US\$4,279,000 2,046,354,546	US 0.85 cents US\$17,439,000 2,046,354,546	US 0.84 cents US\$17,113,000 2,046,354,546	US 1.57 cents US\$32,205,000 2,046,354,546

**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	
	28.03.2015	28.09.2014	28.03.2015	28.09.2014
Net asset value per ordinary share based on existing issued share capital as at the end of period reported on	US\$0.60	US\$0.59	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.**

Business Review

As foreshadowed in previous announcements, a reduction in fishmeal and fish oil production and sales was expected during the first half of FY2015 due to reduced catch of Anchovy in the 2014 A Season¹ and the closure of the 2014 B Season² fishing in the North Centre Anchovy fishery in Peru. Under these circumstances, a key focus throughout the quarter was to optimize operating efficiencies and reduce cost. As a result, the Group was successful in remaining profitable throughout this challenging quarter. With these efficiencies in place, the operation in Peru is better placed than ever to capitalize on the increased Total Allowable Catch announced for the 2015 A Season¹ which started in April 2015.

The global reduction in supply of fishmeal and fish oil caused by the reduced Anchovy fishing in Peru in 2014, has driven up fishmeal and fish oil prices, and they remain at historical high levels.

¹ A Season – normally from April to July

² B Season – normally from November to January

For the China Fishery Fleet (“CF Fleet”) operations in Namibia, the Group recorded higher sales volume and selling prices of products in 1HFY2015. The cost of sales of this division also benefited from lower fuel cost and the depreciation of the Namibian Dollars against US Dollar. Following the full utilization of our quota in 2014, we saw a strong start in the 2015 fishing season with Horse Mackerel in abundance, delivering higher catch volumes compared to the same time last year.

In 1HFY2015, the Contract Supply Business continued to purchase fish from its suppliers on the spot market. As at 28 March 2015, the Group had received in cash a total of US\$180 million, that is 75% of the total refund of prepayments previously made under the terminated Long Term Supply Agreements, in accordance with the refund schedule.

Corporate Developments

On 11 February 2015, the Group announced a 4-for-5 Rights Issue to raise equity funding for the redemption of the US\$250 million (approximately S\$337.5 million) 9.0% notes due 2017 issued by the Copeinca Group (the “Copeinca Notes”). The Rights Issue was subsequently completed on 30 April 2015 with a subscription rate of over 108%. The completion of the Copeinca Notes redemption in 3QFY2015 will deliver a further and significant reduction in gearing and an annualized reduction in interest expenses of approximately US\$23 million.

Financial Review

Income Statement

2QFY2015 (3-month period ended 28 March 2015) vs 2QFY2014 (3-month period ended 28 March 2014)

Group revenue decreased by 57.4% from US\$179.9 million to US\$76.7 million.

Due to reduced catch in the 2014 A Season³ and the closure of the 2014 B Season⁴ fishing in the North Centre Anchovy fishery in Peru, there was no production of fishmeal and fish oil since August 2014. Through the sale of carry over inventories, revenue from the Peruvian Fishmeal Operations was US\$36.7 million (2QFY2014: US\$129.7 million), which accounted for 47.9% of total revenue.

Revenue from the CF Fleet operations, which accounted for 12.9% of total revenue, increased by 155.4% from US\$3.9 million to US\$9.9 million, primarily attributable to higher sales volume in Namibia.

Revenue from the Contract Supply Business, which accounted for 39.2% of total revenue, decreased by 35.0% from US\$46.3 million to US\$30.1 million, due primarily to the termination and non-renewal of the LSAs.

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

Destination	% of Revenue	
	2QFY2015	2QFY2014
People’s Republic of China (“PRC”)	54.8%	60.1%
Australia	24.0%	6.6%
Europe	9.4%	8.0%
West Africa	8.9%	1.5%
South East Asia	2.5%	4.8%
South America	0.4%	19.0%

Cost of sales and vessel operating costs decreased by 66.1% from US\$116.9 million to US\$39.7 million in line with lower revenue.

Gross profit margin increased from 35.0% to 48.2% despite a 41.2% decrease in gross profit. This was attributable primarily to higher average selling prices of fishmeal and fish oil, lower fuel costs and effective cost management.

Selling expenses decreased by 79.7% from US\$7.0 million to US\$1.4 million, due primarily to lower sales volume.

³ A Season – normally from April to July

⁴ B Season – normally from November to January

Administrative expenses decreased by 2.9% from US\$7.4 million to US\$7.2 million. Other operating expenses during 2QFY2015 was US\$5.9 million mainly consists of loss on disposal of plant and equipment and provision for claims.

EBITDA decreased by 53.4% from US\$79.2 million to US\$36.9 million, reflecting the impact of the reduced revenue.

Finance costs decreased by 16.4% from US\$22.8 million to US\$19.0 million, due primarily to loan repayment.

Net profit decreased by 71.1% from US\$17.6 million to US\$5.1 million.

1HFY2015 (6-month period ended 28 March 2015) vs 1HFY2014 (6-month period ended 28 March 2014)

Group revenue decreased by 38.3% from US\$325.1 million to US\$200.6 million.

Revenue from the Peruvian Fishmeal Operations, which accounted for 50.7% of total revenue, decreased by 50.0% from US\$203.5 million to US\$101.7 million. Higher fishmeal and fish oil selling prices partially compensated for the drop in sales volume.

Revenue from the CF Fleet operations, which accounted for 11.1% of total revenue, increased by 36.2% from US\$16.3 million to US\$22.3 million, due primarily to higher sales volume and average selling prices of products.

Revenue from the Contract Supply Business, which accounted for 38.2% of total revenue, decreased by 27.2% from US\$105.3 million to US\$76.6 million, due primarily to the termination and non-renewal of the LSAs.

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

Destination	% of Revenue	
	1HFY2015	1HFY2014
PRC	60.3%	66.1%
Australia	11.9%	4.4%
West Africa	8.6%	4.1%
Europe	7.6%	8.6%
South East Asia	6.6%	5.1%
South America	5.0%	11.7%

Cost of sales and vessel operating costs decreased by 42.4% from US\$217.8 million to US\$125.4 million in line with lower revenue.

Gross profit margin increased from 33.0% to 37.5%, attributable mainly to higher average selling price of fishmeal and fish oil, lower fuel cost and effective cost management.

Other operating income decreased by 47.8% from US\$6.1 million to US\$3.2 million, due primarily to the absence of sales of consumables and scrap materials recorded in 1HFY2014.

Selling expenses decreased by 53.7% from US\$13.0 million to US\$6.0 million, due primarily to lower sales volume.

Administrative expenses decreased by 6.1% from US\$13.9 million to US\$13.1 million. Other operating expenses increased by 8.7% from US\$6.3 million to US\$6.9 million.

EBITDA decreased by 41.5% from US\$142.5 million to US\$83.3 million, reflecting the impact of the reduced revenue, partially compensated for by reduced operating costs.

Finance costs decreased by 6.2% from US\$42.8 million to US\$40.1 million, due primarily to repayment of bank loans.

Net profit decreased by 44.0% from US\$33.3 million to US\$18.6 million.

Statement of financial position

28 March 2015 vs 28 September 2014

Total assets decreased by 7.3% from US\$2,807.6 million to US\$2,602.5 million.

Current assets decreased by 18.3% from US\$857.0 million to US\$700.2 million. This was mainly due to the sale of inventory brought forward, the collection of other receivables and refunds from the former LSAs suppliers. As of the end of the quarter, the refund of prepayments under the former LSAs was on schedule and US\$180 million had been received, which is 75% the full amount to be refunded. The balance of approximately US\$61.6 million is scheduled to be fully repaid by March 2016.

Non-current assets decreased by 2.5% from US\$1,950.6 million to US\$1,902.3 million, due primarily to the depreciation expense charged for the period and the refund of prepayments from suppliers.

Total liabilities decreased by 14.0% from US\$1,598.6 million to US\$1,374.9 million.

Current liabilities decreased by 45.5% from US\$357.7 million to US\$194.9 million due to repayment of term loan and short-term borrowings from proceeds of sale of inventories.

Non-current liabilities decreased by 4.9% from US\$1,240.8 million to US\$1,180.0 million. With the Group's continued focus on deleveraging, net-debt-to-equity ratio improved from 89.6% to 72.9%.

Cash Flow and Liquidity

2QFY2015 (3-month period ended 28 March 2015) vs 2QFY2014 (3-month period ended 28 March 2014)

Net cash generated from operations was US\$10.0 million, mainly generated by sale of inventories and collection of other receivables. Net cash generated from investing activities of US\$46.9 million was due primarily to the refund received from the LSAs suppliers. Capital expenditure in 2QFY2015 was US\$3.1 million. Net cash used in financing activities of US\$105.1 million was due mainly to the repayment bank loans.

1HFY2015 (6-month period ended 28 March 2015) vs 1HFY2014 (6-month period ended 28 March 2014)

Net cash generated from operations was US\$124.7 million, mainly generated by sale of inventories and collection of other receivables. Net cash generated from investing activities of US\$63.5 million was due primarily to the refund received from the LSAs suppliers. Capital expenditure is reduced to US\$5.8 million in 1HFY2015. Net cash used in financing activities of US\$194.9 million was due mainly to the repayment of bank loans.

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

The 2QFY2015 results announcement is in line with the prospect statement disclosed to shareholders in the 1QFY2015 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.

Corporate Outlook

(a) Our core strategies for FY2015

China Fishery has successfully transformed from a Group heavily dependent on the Russian LSAs to one receiving most of its revenue and profit from Peruvian fishmeal operations. As we emerge from this important transition, our core strategies for FY2015 are to continue to realise synergies from the further integration of the Peruvian Fishmeal Operations and to become a world leader in the production of fishmeal and fish oil, reducing borrowings and strengthening our balance sheet. In the second half of FY2015, we expect to see considerable progress in each of these areas.

(b) Redemption of the Copeinca Notes

It is expected that Corporación Pesquera Inca S.A.C., a wholly-owned subsidiary of China Fishery, will enter into a Satisfaction and Discharge of Indenture agreement with Deutsche Bank Trust Company Americas (as trustee, registrar, paying agent and transfer agent) (the “**Trustee**”) on 11 May, 2015 (New York time) and deposit with the Trustee (i) US\$261,875,000 (approximately S\$347,704,531) (the “**Deposit**”), being the total amount of the principal of and premium on the outstanding Copeinca Notes and accrued interest thereon calculated up to 20 May, 2015, together with (ii) irrevocable instructions that the Trustee shall apply the Deposit toward the payment of the said principal, premium and accrued interest.

As such, it is expected that the obligations of Corporación Pesquera Inca S.A.C. under the Copeinca Notes will be satisfied and discharged with effect from 11 May, 2015 (New York time).

(c) Improvement to the Group’s gearing

Net-debt-to-equity ratio will be further reduced as the Group will today make full payment to discharge all its obligations under the Copeinca Senior Notes. This also places us well ahead of our target of reducing the net debt to equity ratio to 75% within 3 years which we set in March 2014. The reduced borrowings will have a positive impact on the Group’s interest expense.

(d) Proposed merger

In addition, the redemption of the Copeinca Notes will enable the completion of the merger of the Group’s two operating subsidiaries in Peru which will unlock the full value of the synergies and efficiencies from the combined operations. The merger is expected to be completed within this calendar year.

Outlook on Operations

The Peruvian Ministry of Production announced in early April, an increased Total Allowable Catch of 2.58 million MT for the 2015 A Season of the North Centre Anchovy fishery. Fishing commenced strongly in early April, catching 50% of the quota in the first month of this most important season. At the early stage of the season, the fish were also well located along the Peruvian coast, allowing us to achieve a high level of efficiency in our fishing operations and optimize the use of all our production facilities. Barring unforeseen circumstances, the management remains confident that FY2015 will be profitable.

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/recommendeded, a statement to that effect.

No dividend has been declared for the 2QFY2015.

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)	
	29.12.2014 - 28.03.2015 US\$'000	29.12.2013 - 28.03.2014 US\$'000	29.12.2014 - 28.03.2015 US\$'000	29.12.2013 - 28.03.2014 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 2QFY2015 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

Tan San-Ju
Company Secretary

11 May, 2015

15. SUPPLEMENTARY NOTES

Second quarter results for the period ended March 28, 2015 in Singapore Dollar equivalent. These figures have not been audited.

1(a) Group Income Statement

	Group					
	Second quarter ended		Increase / (Decrease) %	First half year ended		Increase / (Decrease) %
	29.12.2014 - 28.03.2015 S\$'000	29.12.2013 - 28.03.2014 S\$'000		29.09.2014 - 28.03.2015 S\$'000	29.09.2013 - 28.03.2014 S\$'000	
Revenue	104,015	227,731	(54.3)	272,071	411,566	(33.9)
Cost of sales	(34,245)	(101,500)	(66.3)	(126,660)	(204,608)	(38.1)
Vessel operating costs	(19,592)	(46,533)	(57.9)	(43,371)	(71,187)	(39.1)
Gross profit	50,178	79,698	(37.0)	102,040	135,771	(24.8)
Other operating income	2,763	(322)	(958.1)	4,336	7,748	(44.0)
Selling expenses	(1,919)	(8,846)	(78.3)	(8,141)	(16,430)	(50.5)
Administrative expenses	(9,804)	(9,428)	4.0	(17,740)	(17,630)	0.6
Other operating expenses	(8,042)	(582)	1,281.8	(9,335)	(8,020)	16.4
Finance costs	(25,830)	(28,848)	(10.5)	(54,431)	(54,197)	0.4
Profit before income tax	7,346	31,672	(76.8)	16,729	47,242	(64.6)
Income tax (expense) benefit	(457)	(9,425)	(95.2)	8,532	(5,120)	(266.6)
Profit for the period	6,889	22,247	(69.0)	25,261	42,122	(40.0)
Attributable to:						
Owners of the Company	5,803	22,078	(73.7)	23,209	40,772	(43.1)
Non-controlling interests	1,086	169	542.6	2,052	1,350	52.0
	6,889	22,247	(69.0)	25,261	42,122	(40.0)

Consolidated statement of comprehensive income:

	Group					
	Second quarter ended		Increase / (Decrease) %	First half year ended		Increase / (Decrease) %
	29.12.2014 - 28.03.2015 S\$'000	29.12.2013 - 28.03.2014 S\$'000		29.09.2014 - 28.03.2015 S\$'000	29.09.2013 - 28.03.2014 S\$'000	
Profit for the period	6,889	22,247	(69.0)	25,261	42,122	(40.0)
Other comprehensive income:						
- Exchange difference on translation of the Group's overseas operations	-	2,418	(100.0)	-	(1,188)	(100.0)
- Loss on revaluation of properties	(145)	428	(133.9)	(145)	428	(133.9)
Total comprehensive income for the period, attributable to the owners of the Company	6,744	25,093	(73.1)	25,116	41,362	(39.3)
Attributable to:						
Owners of the Company	5,658	24,925	(77.3)	23,064	40,020	(42.4)
Non-controlling interests	1,086	168	546.4	2,052	1,342	52.9
	6,744	25,093	(73.1)	25,116	41,362	(39.3)

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

	Group		Group	
	28.03.2015	28.09.2014	28.03.2015	28.09.2014
	US\$'000	US\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	122,323	129,086	167,815	164,534
Trade receivables	100,709	144,757	138,163	184,507
Other receivables and prepayments	223,120	226,304	306,098	288,447
Derivative financial instruments	446	139	612	177
Advances to suppliers	40,500	40,500	55,562	51,621
Prepaid income tax	7,237	7,237	9,928	9,224
Deferred expenses	58,748	41,598	80,596	53,021
Inventories	85,450	158,404	117,229	201,902
Current portion of receivable from/ prepayment to suppliers	61,645	109,000	84,571	138,931
Total current assets	<u>700,178</u>	<u>857,025</u>	<u>960,574</u>	<u>1,092,364</u>
Non-current assets:				
Receivable from/ prepayment to suppliers	-	21,525	-	27,436
Property, plant and equipment	576,159	602,655	790,433	768,144
Investment property	3,128	3,385	4,291	4,315
Goodwill	95,721	95,721	131,320	122,006
Fishing and plant permits	1,222,670	1,222,670	1,677,381	1,558,415
Associate	4,629	4,629	6,351	5,900
Total non-current assets	<u>1,902,307</u>	<u>1,950,585</u>	<u>2,609,776</u>	<u>2,486,216</u>
Total assets	<u><u>2,602,485</u></u>	<u><u>2,807,610</u></u>	<u><u>3,570,350</u></u>	<u><u>3,578,580</u></u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Trade payables	13,035	16,599	17,883	21,157
Other payables and accrued expenses	12,674	27,456	17,387	34,995
Income tax payable	2,643	10,076	3,626	12,843
Current portion of bank loans	166,560	303,607	228,504	386,977
Total current liabilities	<u>194,912</u>	<u>357,738</u>	<u>267,400</u>	<u>455,972</u>
Non-current liabilities:				
Long term payables	25,540	24,869	35,038	31,698
Bank loans	318,232	376,370	436,582	479,721
Senior notes	532,663	532,136	730,761	678,261
Deferred tax liabilities	303,591	307,469	416,496	391,900
Total non-current liabilities	<u>1,180,026</u>	<u>1,240,844</u>	<u>1,618,877</u>	<u>1,581,580</u>
Capital and reserves:				
Share capital	102,318	102,318	140,370	130,415
Reserves	1,121,536	1,104,530	1,538,637	1,407,834
Attributable to owners of the Company	<u>1,223,854</u>	<u>1,206,848</u>	<u>1,679,007</u>	<u>1,538,249</u>
Non-controlling interests	3,693	2,180	5,066	2,779
Net equity	<u>1,227,547</u>	<u>1,209,028</u>	<u>1,684,073</u>	<u>1,541,028</u>
Total liabilities and equity	<u><u>2,602,485</u></u>	<u><u>2,807,610</u></u>	<u><u>3,570,350</u></u>	<u><u>3,578,580</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			
	Second quarter ended		First half year ended	
	29.12.2014 - 28.03.2015	29.12.2013 - 28.03.2014	29.09.2014 - 28.03.2015	29.09.2013 - 28.03.2014
(i) Based on weighted average number of ordinary shares in issue; and	S 0.28 cents	S 1.08 cents	S 1.14 cents	S 2.0 cents
(ii) On a fully diluted basis	S 0.28 cents	S 1.08 cents	S 1.14 cents	S 2.0 cents

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	
	28.03.2015	28.09.2014	28.03.2015	28.09.2014
Net asset value per ordinary share based on existing issued share capital as at the end of period reported on	US\$0.60	US\$0.59	S\$0.82	S\$0.75

* Exchange Rate

As at 28.03.2015: US\$1 = S\$1.3719

As at 28.09.2014: US\$1 = S\$1.2746

3-month period ended 28.03.2015: US\$1 = S\$1.3562

3-month period ended 28.03.2014: US\$1 = S\$1.2660