Wild & Sustainable

Annual Report 2011

CHINA FISHERY GROUP LIMITED

CHINA FISHERY GROUP LIMITED | Annual Report 2011

INFORMATION FOR INVESTORS

Listing Information

Listing: Singapore Exchange
Stock code: B0Z.SI

Ticker Symbol

Reuters: CNFG.SI
Bloomberg: CFG:SP

Key Dates

Announcement of 1QFY2011 Results	2 February 2011
Announcement of 2QFY2011 Results	12 May 2011
Announcement of 3QFY2011 Results	10 August 2011
Announcement of FY2011 Final Results	27 November 2011
Annual General Meeting	28 January 2012
Financial year end	28 September

Share Information (as at 28 September 2011)

Board lot size: 1,000 shares
Nominal value per share: US$0.05
Outstanding shares: 1,022,262,139 shares
Outstanding unlisted warrants: 26,666,666 warrants
Public float: 187,241,908 shares (18.3%)
Market capitalisation: S$1,221,603,256
Earnings per share for FY2011: US10.2 cents
Dividend per share for FY2011: 4.5 Singapore cents

Share Registrar & Share Transfer Offices

Principal

Appleby Corporate Services (Cayman) Ltd
Clifton House
75 Fort Street
P.O. Box 1350 GT, George Town
Grand Cayman
Cayman Islands

Branch

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel: 65-6593 4848
Fax: 65-6593 4847

Investor Relations Contact

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Tel: 852-2589 4191
Fax: 852-2858 2764
E-mail: ir@chinafish.com

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CORPORATE MISSION

As a leading global industrial fishing company, China Fishery Group Limited ("China Fishery" or "the Company") is committed to securing access to under-utilised and abundant ocean resources to meet the growing needs of health and value-conscious consumers worldwide. We are committed to offering responsibly-derived range of quality staple food products via our fishing, on-board processing and fishmeal production operations.

CORPORATE PROFILE

Listed on the Mainboard of Singapore Exchange since 2006, China Fishery is a global integrated industrial fishing company with access to fish in some of the world's most important fishing grounds.

Employing the latest catch and processing solutions, China Fishery harvests, onboard-processes and delivers high quality catch to consumers the world over. China Fishery is also established with purse seine fishing vessels and fishmeal processing plants deployed strategically along Peru's coastal areas.

In response to an ever-growing global demand for fish, China Fishery is committed to continually securing access to under-utilised and abundant ocean resources, and fulfilling the needs of the health and value-conscious consumers through sustainable fishing practices.

CORPORATE INFORMATION

Board of Directors

Executive:
Ng Joo Kwee (Executive Chairman)
Sung Yu Ching (Managing Director)
Ng Joo Siang
Chan Tak Hei

Non-Executive:
Patrick Thomas Siewert
Janine Feng Junyuan (Alternate to Patrick Thomas Siewert)

Independent Non-Executive:
Lim Soon Hock
Tse Man Bun
Tan Ngiap Joo

Audit and Risk Management Committee

Lim Soon Hock (Chairman)
Tse Man Bun
Tan Ngiap Joo
Patrick Thomas Siewert

Nominating Committee

Tse Man Bun (Chairman)
Lim Soon Hock
Tan Ngiap Joo

Remuneration Committee

Tan Ngiap Joo (Chairman)
Lim Soon Hock
Tse Man Bun

Investment Committee

Ng Joo Siang (Chairman)
Patrick Thomas Siewert
Tse Man Bun
Ng Joo Thieng (Alternate to Ng Joo Siang)
Janine Feng Junyuan (Alternate to Patrick Thomas Siewert)
Tan Ngiap Joo (Alternate to Tse Man Bun)

Corporate Social Responsibility Committee

Tse Man Bun (Chairman)
Ng Joo Siang
Patrick Thomas Siewert
Ng Puay Yee
Tan Ngiap Joo (Alternate to Tse Man Bun)
Lt-Gen (Ret) Ng Jui Ping (Alternate to Ng Joo Siang)
Janine Feng Junyuan (Alternate to Patrick Thomas Siewert)
Ng Joo Thieng (Alternate to Ng Puay Yee)

Principal Bankers

CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Rabobank International, Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Company Secretaries

Yvonne Choo
Busarakham Kohsikaporn

Registered Office

Clifton House,
75 Fort Street,
P.O. Box 1350 GT,
George Town,
Grand Cayman, Cayman Islands

Principal Office

Room 3312-3314, Hong Kong Plaza,
188 Connaught Road West, Hong Kong
Tel: 852-2548 2666
Fax: 852-2548 9666

Auditors

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way #32-00,
DBS Building, Tower Two,
Singapore 068809

Audit Partner-in-Charge

Tsia Chee Wah
Date of Appointment: September 2, 2008

Company Registration Number

99414

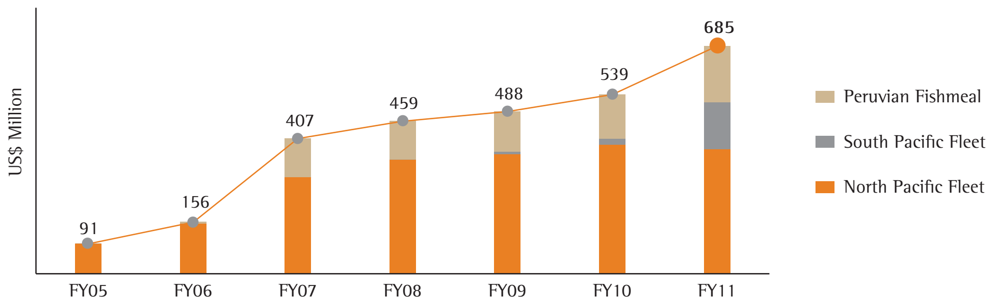
Website

http://www.chinafisherygroup.com

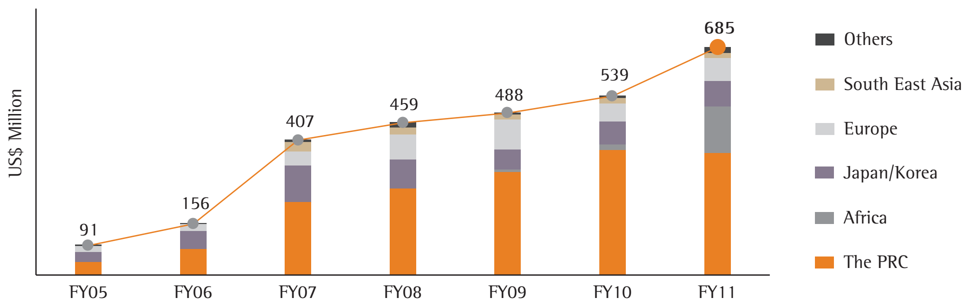
FINANCIAL HIGHLIGHTS

Note:
Year end changed from December 31 to September 28 since August 2009. FY05 to FY08 represents 12 months ended December 31, while FY09, FY10 and FY11 represents 12 months ended September 28.

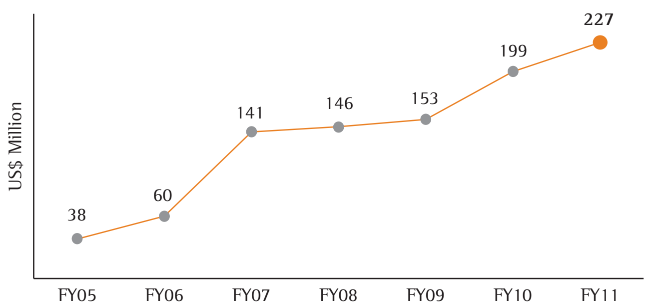
Revenue



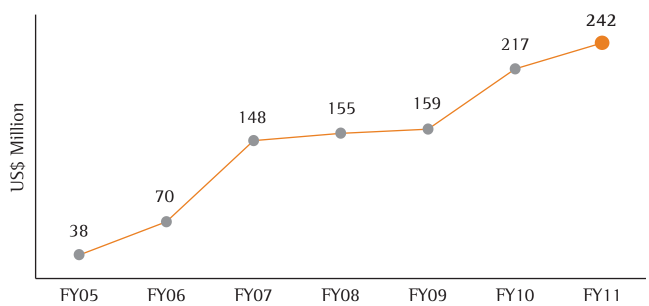
Revenue by market



Gross profit

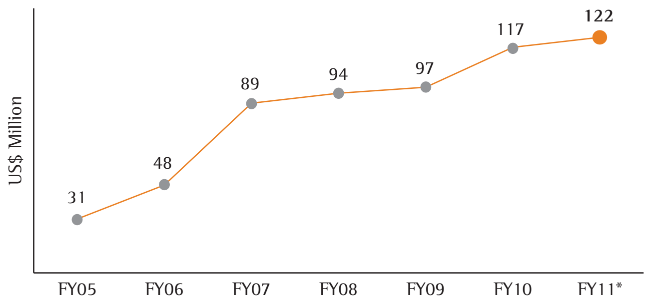


EBITDA

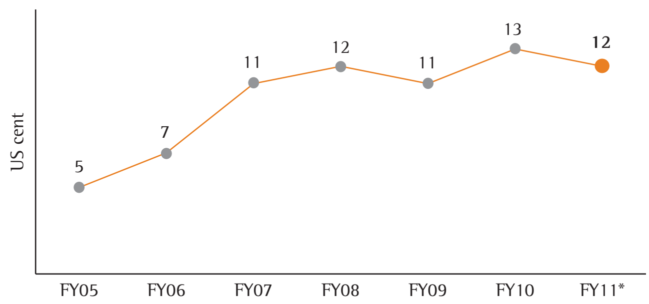


FINANCIAL HIGHLIGHTS

Net profit

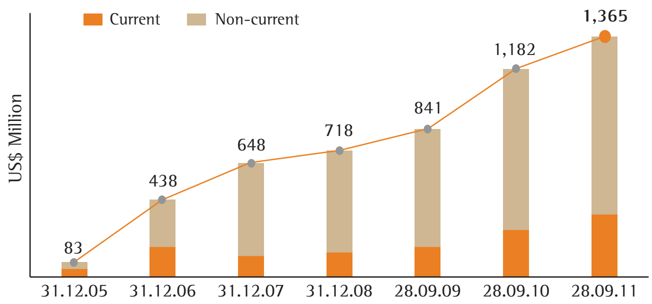


Basic earnings per share

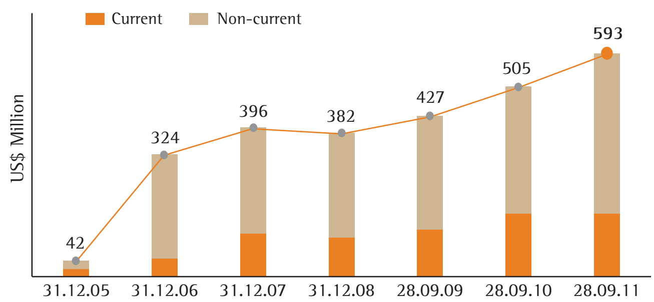


* Adjusted for one-off exceptional items

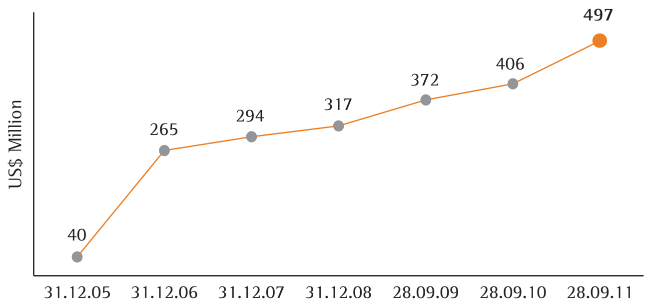
Assets



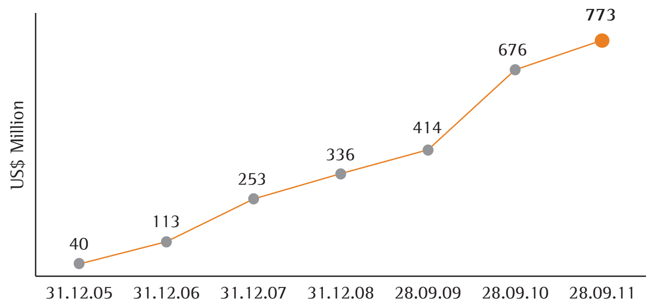
Liabilities



Total borrowings



Equity



Gearing ratios

Year / Ratio	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Net debt to equity	70.0%	183.4%	108.3%	92.2%	84.3%	54.8%	61.2%
Long term debt to total debt	57.1%	95.1%	83.8%	78.1%	73.5%	66.8%	73.1%

MESSAGE TO INVESTORS

Dear Investors,

On behalf of your Board of Directors ("Board"), I am pleased to deliver the annual report of China Fishery and its subsidiaries (collectively "China Fishery Group" or "the Group") for the financial year ended September 28, 2011 ("FY2011").

China Fishery was able to deliver yet another year of profitability and strong revenue growth from its operations for FY2011. Our strategy of maximising utilisation and efficiency of our vessels and fishmeal processing plants has continued to deliver results, whilst efforts to expand market reach have also borne fruit, particularly in West Africa, where revenue contribution jumped from a mere 3.2% last financial year to hit 20.4% in FY2011.

On the corporate front, the Group maintained its balance sheet, strengthening the momentum with the early redemption of the US$225 million senior notes, two years ahead of its original maturity date. The early redemption will enable the Group to benefit from interest cost savings in the next two years and lengthen the maturity profile of the Group's borrowings.

Financial Review

Our Peruvian fishmeal operations and the South Pacific fleet were the key revenue drivers in FY2011, propelling the Group's revenue upward by 27.2% from US$538.9 million to US$685.5 million. The South Pacific fleet in particular enjoyed a 715.9% revenue growth as the fleet leveraged on the experience gained from last year and benefitted from the strategy to diversify its fishing grounds.

Our constant efforts to enhance the operating efficiencies and utilisation of vessels allowed us to partially offset rising freight and selling expenses. Excluding one-off charges, particularly from the early redemption of the senior notes that will bring cost savings for the Group in the long run, net profit for the year would have increased 5.1% from US$116.5 million to US$122.3 million.

A more detailed review of the results for the year and the operating performance of the Group is contained in the Management Discussion on Financials section on page 8 to 9 of this report.

In view of the Group's financial performance, the Board of Directors has proposed a first and final cash dividend of 4.5 Singapore cents per share (FY2010: 5.0 Singapore cents), subject to shareholders' approval at the forthcoming Annual General Meeting. This amounts to a total dividend payout of US$35.5 million, compared to US$39.7 million in FY2010.

Operations Review

We aim to be a leading consolidator in the global fishing industry, and our Peruvian fishmeal operations have benefitted from this strategy. FY2011 saw the full year contribution from an additional 1.0% quota from the acquisition in May 2010, which led to higher revenue for this financial year. In November 2011, the Group entered into more acquisitions that resulted in an increase in the Group's share of the total allowable catch of Peruvian Anchovy to 6.21% in North Peru and 11.72% in South Peru. In addition, the Group acquired a fishmeal processing plant in Ilo, the most important port city in South Peru. We were previously operating six fishmeal processing plants in Peru, of which five are located in the North and one in the South. With this additional fishmeal processing plant, we can enhance our geographical spread throughout Peru and improve the utilisation of our fishing quota in the South of Peru.

Having just completed its second full year of operations, the South Pacific fleet was able to leverage on past experience to improve its operations. In addition, our strategy to deploy the factory vessel fleet to fishing ground in the South Pacific Ocean and the North Atlantic Ocean has allowed us to significantly enhance fleet utilisation. We will continue our strategy of deploying our South Pacific fleet to fishing grounds that we have experience with and have good biomass to maximise the utilisation of our fleet.

Our North Pacific fleet meanwhile remained stable. Enhancing fleet efficiency and resources utilisation continue to be the key focus in the North Pacific fleet. To this end, the Group decided to delay the fishing schedule in the fourth quarter of FY2011 to optimise resources utilisation. Nevertheless we are confident of fully utilising our entire quota share for the calendar year.

MESSAGE TO INVESTORS

Corporate Social Responsibility

China Fishery recognises the importance of sustainability and remains deeply committed to corporate social responsibility ("CSR"). Since establishing our CSR committee last year, we have focused on strengthening internal awareness and governance of social and environmental issues facing our business. As a first step, we established a corporate social responsibility task force comprising senior management and business unit representatives, to further explore social and environmental issues, challenges, and priorities.

Additionally, we enhanced our efforts in engaging external stakeholders. We believe that both the internal and external dialogues have been a key part to inform and define our strategy for improving our social and environmental performance. Our internal capacity was further strengthened by the appointment of a marine ecologist as an external advisor as well as recruiting a full time CSR and Sustainability team for the Group.

The Group is in the process of preparing its inaugural Sustainability Report, which will be published in FY2012. The aim of this Report is to benchmark our operations against internationally recognised best practices and to set higher standards in sustainable practices for the industry as a whole.

Looking ahead, we will continue to develop a systematic approach towards corporate social responsibility, refine our implementation strategy, formalise stakeholder engagement, and strengthen our management practices.

Outlook and Prospects

The Group remains optimistic about continuing global demand for fish and fishmeal as fish remains a key source of protein and as the global population continues to grow. According to FAO's State of World Fisheries and Aquaculture 2010 report, it is estimated that additional annual production of 82 million tonnes of fish supply will be needed to meet world demand in 2050.

Given China Fishery's continuous growth record and its position as one of the leading industrial fishing companies in the world, we are well-positioned to capture growth opportunities going forward. With the factory vessel concept an unqualified success, we will continue to identify new and sustainable fishing grounds with rich resources where the successful factory vessel concept can be implemented.

As the Peruvian fishmeal operations benefit from persistently rising fishmeal prices, we will maintain our efforts to consolidate fishing quota that will allow us to enjoy better economies of scale and higher operating efficiencies. Whereas in North Pacific, we will continue to pursue operating efficiency, which is also the key focus of our operations.

On the corporate front, the Group announced in December 2010 that it intended to seek a dual primary listing on the Main Board of the Stock Exchange of Hong Kong. Subsequent to the Group's announcement, the world's markets began to spiral downwards and the Board decided that the uncertain market conditions will not allow the Group to achieve the goals of the dual listing, which was to strengthen the Group's share capital base, expand and diversify its investor base and improve liquidity of China Fishery's shares. This decision is to ensure that while China Fishery is still on the fast track for growth, it is not at the expense of its existing shareholders. The Board will continue to explore options that will support our ambitions without sacrificing shareholder value.

Acknowledgements

On behalf of the Board, I would like to take this opportunity to express my deep gratitude to our stakeholders, shareholders, customers, business partners, advisers and bankers for their continued support throughout this financial year. Greatest appreciation goes to our employees for their commitment and hard work over the years. With your continued support, we look forward to delivering another year of profitability and growth.

Ng Joo Kwee
Executive Chairman

December 23, 2011

MANAGEMENT DISCUSSION ON FINANCIALS

Income Statement

Group revenue increased 27.2% from US$538.9 million to US$685.5 million.

Revenue from the Peruvian fishmeal operations rose by 26.6% from US$134.4 million to US$170.1 million due primarily to higher production volumes as a result of the full year effect from an additional 1.0% quota that arose from an acquisition in May 2010, and higher average selling prices.

The North Pacific trawling operations recorded revenues of US$374.7 million, a slight dip of 3.3% from US$387.3 million. This was due mainly to lower sales volumes that resulted from the Group's decision to delay the fishing schedule in order to enhance fleet efficiency and resource utilisation. The Group is confident of fully utilising its entire quota share for the calendar year.

Sales from the South Pacific fleet increased significantly from US$17.2 million to US$140.6 million as the fleet leveraged on the experience gained from last year. In addition, the South Pacific fleet benefited from the Group's strategy to diversify its fishing grounds and maximise the utilisation of its factory vessel fleet. During the year under review, the Group deployed two fishing vessels to the South Pacific whilst the remaining fleet was deployed to operate in new fishing grounds in the North Atlantic Ocean.

The Group continued to expand its market reach during the year, particularly in West Africa, where revenue contribution reached 20.4% in FY2011 compared to 3.2% revenue contribution in FY2010.

In summary, geographical breakdown of the Group's revenue is as follows:

• PRC	53.8%
• West Africa	20.4%
• Japan & Korea	11.1%
• Europe	9.8%
• Others	4.9%

Gross profit increased 13.6% from US$199.4 million to US$226.5 million. Gross profit margin declined from 37.0% to 33.0% due primarily to higher vessel operating expenses reflecting higher costs of fuel and a larger fleet.

Selling expenses increased 37.2% from US$34.9 million to US$47.9 million attributed mainly to higher sales volume from the South Pacific fleet and Peruvian fishmeal operations and higher freight rates.

Administrative expenses increased 14.4% from US$13.9 million to US$15.9 million due mainly to higher overheads in line with expanded operations.

Other operating expenses increased 35.8% from US$5.0 million to US$6.8 million due mainly to additional costs associated with the Group's proposed secondary listing in Oslo (which was withdrawn in 2010).

Finance costs increased 10.7% from US$32.9 million to US$36.4 million due to higher borrowings to fund the Group's expanded operations.

The 47.8% increase in income tax expense from US$2.8 million to US$4.1 million was directly attributed to the higher taxable earnings of the Peruvian fishmeal operations.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased 11.5% from US$217.1 million to US$242.0 million.

Net profit decreased by 11.1% from US$116.5 million to US$103.7 million. Excluding one-off charges amounting to US$18.7 million (being the one-off charge for the early redemption of the senior notes and the expenses related to the Oslo listing), net profit would have been US$122.3 million, representing an increase of 5.1% from FY2010.

MANAGEMENT DISCUSSION ON FINANCIALS

Statement of Financial Position

Total assets increased 15.6% from US$1,181.6 million to US$1,365.4 million.

Total current assets increased 30.2% from US$265.1 million to US$345.2 million. Other receivables and prepayments increased 46.5% from US$95.6 million to US$140.0 million, due mainly to an increase in advances made to arrangers for replacement of parts and equipment on the existing vessels to enhance efficiency.

Inventories increased 183.8% from US$13.5 million to US$38.3 million due mainly to the increase in fish catch volumes in Peru and the North Atlantic. Account receivables increased 80.3% from US$38.7 million to US$69.7 million, the result of higher sales.

Total non-current assets increased 11.3% from US$916.5 million to US$1,020.2 million due mainly to the acquisition of additional vessels to further support the Group's fishing capacity. Advances to arrangers of US$40.5 million represents advances for the acquisition and upgrade of two fishing vessels.

Total liabilities increased by 17.4% from US$505.2 million to US$592.9 million. Total current liabilities decreased 0.4% from US$167.1 million to US$166.4 million.

Total non-current liabilities increased 26.1% from US$338.1 million to US$426.5 million. The increase was attributed to the 4-year Club Loan facility entered into in November 2010. In the financial year, the Group also completed the early redemption of the US$225 million senior notes, two years ahead of its original maturity date. The early redemption which was re-financed with a term loan will result in interest cost savings in the long run.

As at 28 September 2011, approximately 73.1% of the total borrowings was long term debt versus 66.8% as at 28 September 2010.

Net debt to equity ratio increased from 54.8% to 61.2% due mainly to higher working capital requirements for the Group's operations.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

MR NG JOO KWEE 51, is the Executive Chairman of the Company, responsible for the overall management and strategic development of the Company. Mr Ng joined the Group in 2005 and was appointed to the Board of the Company on October 31, 2005 and last re-elected as a Director of the Company on January 28, 2011. He is also an executive director of Pacific Andes International Holdings Limited ("PAIH"), a company listed on The Stock Exchange of Hong Kong Limited (the "SEHK"), as well as an executive director of Pacific Andes Resources Development Limited ("PARD"), a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). In 1989, Mr Ng joined PAIH as general manager of its China operations, overseeing the daily operations, trading and sourcing activities. Mr Ng is a brother of Mr Ng Joo Siang, Executive Director of the Company.

MR SUNG YU CHING 66, is the Managing Director of the Company, oversees the operational management and business development of the Group. Mr Sung joined the Group in 2005 and was appointed to the Board of the Company on October 31, 2005 and last re-elected as a Director of the Company on January 22, 2010. He is also the chairman of Chuan-Chuan Yoo International Trade Ltd ("Chuan-Chuan"), a company engaged in the trading of seafood products, vessel spare parts and appliances, and provision of ship repairing and construction agency services. Mr Sung graduated from the marine engineering department of National Taiwan Ocean College and was a marine engineer in Taiwan from 1983 to 1988. In 1997, Mr Sung started his trading business and became a shareholder in Chuan-Chuan.

MR NG JOO SIANG 52, is an Executive Director of the Company, oversees the general management, sales and business development as well as strategic planning of the Group. Mr Ng joined the Group in 2006 and was appointed to the Board of the Company on April 25, 2006 and last re-elected as a Director of the Company on January 22, 2010. He is also the managing director and vice chairman of PAIH and an executive director of PARD, responsible for the overall strategic planning, development, corporate policy formulation, investment and management of the Pacific Andes Group. Mr Ng is Chairman of the Investment Committee and a member of the Corporate Social Responsibility Committee. Mr Ng graduated from the Louisiana State University in Baton Rouge, Louisiana, with a Bachelor's degree in International Trade and Finance, and has over 20 years of experience in the trading of seafood products. Mr Ng is a brother of Mr Ng Joo Kwee, Executive Chairman of the Company.

MR CHAN TAK HEI 42, is the Finance Director of the Company, responsible for the overall financial management and corporate planning of the Group. Mr Chan joined the Group in 2005 and was appointed to the Board of the Company on February 15, 2005 and was last re-elected as a Director of the Company on January 22, 2010. Mr Chan graduated from the Hong Kong Polytechnic University with a Bachelor's degree in Accountancy and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group in February 2005, Mr Chan worked in PAIH as its Financial Controller from 1995 to 2005.

Non-Executive Directors

MR PATRICK THOMAS SIEWERT 56, was appointed as a Non-Executive Director of the Company on July 28, 2010 and was last re-elected as a Director on January 28, 2011. He is also a member of the Audit and Risk Management Committee, Investment Committee and Corporate Social Responsibility Committee. Mr Siewert is a managing director of the Carlyle Group, focused on investments in consumer and retail businesses across Asia since April 2007.

Prior to joining the Carlyle Group, he held various positions in Asia including group president and president and chief operating officer and corporate executive committee member of the Coca-Cola Company during the period from 2001 to 2007. Mr Siewert attended the Rochester Institute of Technology in Service Management and received a Bachelor of Science in Business Administration from Elmhurst College, Illinois and a Master of Science from Rochester Institute of Technology. He currently serves as a director of Avery Dennison Corporation, Computime Group Limited, Eastern Broadcasting Company, Natural Beauty Bio-Technology Limited, Zhejiang Kaiyuan Hotel Investment & Management (Group) Company Limited.

MS JANINE FENG JUNYUAN 42, was appointed as an Alternate Director to Mr Patrick Thomas Siewert, a Non-Executive Director of the Company on July 28, 2010. Apart from her position with the Company, Ms Feng also serves as a non-executive director of other listed companies including China Pacific Insurance (Group) Co., Ltd., the shares of which are listed on the Shanghai Stock Exchange and the SEHK and Natural Beauty Bio-Technology Limited, the shares of which are listed on the SEHK. Ms Feng received a Master's degree in Business Administration from Harvard Business School in 1996.

Independent Directors

MR LIM SOON HOCK 61, was appointed as an Independent Director of the Company on January 16, 2006 and was last re-elected as a Director on January 28, 2011. He is also the Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and Remuneration Committee. Mr Lim has more than 25 years of experience as a board member, chief executive officer, technopreneur and private investor, across a variety of industries. He is best known for his work as the vice president and managing director of Compaq Computer Asia Pacific ("Compaq"), where he was also the first Asian appointed to the position. He is currently the managing director of PLAN-B ICAG Pte Ltd, which is a boutique corporate advisory firm. Since stepping down from Compaq, he has been involved in taking 3 companies public, one each on SGX, ASX and AIM as well as 8 mergers and acquisitions. He continues to sit on the boards of directors of several government agencies, public listed and private companies. Mr Lim is also active in community work and currently chairs the National Family Council and Centre for Fathering. He holds a Bachelor of Engineering degree with Honours in Electrical Engineering from the University of Singapore and a post-graduate Diploma in Business Administration from the National University of Singapore. He is a Fellow of the Institution of Engineers Singapore, Institution of Engineering and Technology, UK and the Singapore Institute of Directors. He was a recipient of numerous awards, which include the 1992 NUS Distinguished Engineering Alumni Award, 2009 Public Service Medal, 2009 NUS Distinguished Alumni Service Award, 2010 IES-IEEE Joint Medal of Excellence Award, 2010 Honorary Fellow of AFEO (Asean Federation of Engineering Organisations) and most recently, MCYS Outstanding Volunteer Award. He was appointed a Justice of the Peace in May 2008.

MR TSE MAN BUN 68, was appointed as an Independent Director of the Company on January 16, 2006 and was last re-elected as a Director of the Company on January 28, 2011. He is also the Chairman of the Nominating Committee and Corporate Social Responsibility Committee, and a member of the Audit and Risk Management Committee, Remuneration Committee and Investment Committee. Mr Tse has over 40 years of working experience in the banking industry. He joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in 1968 and retired from the bank in December 2002. Mr Tse is currently a director of CDRS Development Group Limited and an independent non-executive director of Crystal International Limited, HSBC Insurance (Asia) Limited and HSBC Life (International) Limited, both are subsidiaries of HSBC which is listed in Hong Kong, London and New York, and Tysan Holdings Limited which is listed on the SEHK.

MR TAN NGIAP JOO 66, was appointed as an Independent Director of the Company on January 12, 2009 and was last re-elected as a Director on April 30, 2009. He is also the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nominating Committee. Mr Tan was previously the deputy president of Oversea-Chinese Banking Corporation Limited, which is listed on the main board of the SGX-ST. Prior to this, he was a chief executive officer of Bank of Singapore (Australia) Limited. Presently, he sits on the boards of several listed companies. He is the chairman and director of United Engineers Limited, which is listed on the main board of the SGX-ST. He is an independent non-executive director of Kian Ann Engineering Ltd. and Mapletree Logistics Trust Management Ltd., both of which are listed on the main board of the SGX-ST and Tan Chang International Limited, which is listed on the SEHK. Mr Tan holds a Bachelor of Arts degree from the University of Western Australia.

Senior Management

MR ROMAN EMELYANOV 40, is our Chief Port Engineer. He is responsible for the technical aspects of the fishing vessels, including the maintenance and repair of the fishing vessels. He graduated from Kamchatka State Marine University in 1994 with a Master's degree in Marine Engineering. He joined our Group as a mechanical engineer in 2001. He was promoted to the position of Chief Port Engineer of the Company in 2002.

MR JOSE MIGUEL TIRADO MELGAR 45, is a general manager of CFG Investment S.A.C. and has been brought in to run our Peru operations. He is responsible for the overall management of CFG Investment S.A.C. and supervision of the key managers of CFG Investment S.A.C. Prior to joining the Group in 2006, he was an independent investor owning fishing vessels, processing plants and a fishing vessel shipyard in Peru. Mr Tirado graduated from Bentley College in Boston, Massachusetts in 1990 with a Bachelor's degree in Management.

MR FRANCISCO JAVIER PANIAGUA JARA 41, is a general manager of CFG Investment S.A.C. Mr Paniagua is responsible for all corporate, legal and regulatory matters relating to our Peruvian operations. Prior to joining the Group in 2006, Mr Paniagua was an attorney with Estudio Echecopar and an in-house counsel with Banco Latino, both in Lima, Peru. He was also an attorney with Cleary, Gottlieb, Steen & Hamilton in New York, New York. Mr Paniagua holds a Bachelor's degree in General Studies and a Law degree, both from Pontificia Universidad Catolica del Peru, and an L.L.M. degree from Cornell Law School in Ithaca, New York.

MR ISAAC FINGER KOGAN 41, is the chief financial officer of CFG Investment S.A.C., a position he has held since April 2008. Prior to joining the Group in 2008, he worked as chief financial officer at Hochschild Mining PLC for four years. Mr Finger graduated from Universidad de Lima with a Bachelor's degree in Industrial Engineering and has a Master of Science degree in Finance from the University of Rochester in New York, New York.

MR FRANCISCO PATIÑO RIVERO 38, is the Financial Controller of CFG Investment S.A.C., a position he has held since January 2010. Prior to joining the Group in 2010, he worked as a manager at PricewaterhouseCoopers for fourteen years. Mr Patiño is a Certified Public Accountant and graduated from Universidad de Lima with a Bachelor's degree in Accounting. He holds a Master degree in Administration from Graduate Business Administration School – ESAN, Lima.

MR NG JOO THIENG 50, is one of the general managers of the Group. Mr Ng is responsible for the Group's investments in additional fishing vessels and processing plants and strategic planning. Prior to joining the Group, Mr Ng has served in a variety of managerial positions with companies in the fishing industry, including 10 years as a manager and general manager of fishing companies and 10 years as a manager and general manager of seafood processing companies, including a variety of companies in the Pacific Andes Group. Mr Ng is the brother of Mr Ng Joo Siang and Mr Ng Joo Kwee, both of whom are Executive Directors of the Company.

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended September 28, 2011.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Executive Directors:
Ng Joo Kwee – Executive Chairman
Sung Yu Ching – Managing Director
Ng Joo Siang
Chan Tak Hei

Non-Executive Independent Directors:
Lim Soon Hock
Tse Man Bun
Tan Ngiap Joo

Non-Executive Directors:
Patrick Thomas Siewert
Janine Feng Junyuan (Alternate to Patrick Thomas Siewert)

In accordance with Article 107 of the Company's Articles of Association, Tan Ngiap Joo, Sung Yu Ching and Chan Tak Hei are subject to retirement and re-election at the forthcoming Annual General Meeting.

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

	Direct	
Name of director and company in which interest is held	**At beginning of year**	**At end of year**
	Ordinary shares of US$0.05 each	
The Company		
Tan Ngiap Joo	20,724	21,255

The director's interests in the shares of the Company at October 19, 2011 were the same at September 28, 2011.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

a. **Options to take up unissued shares**

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

b. **Options exercised**

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

c. **Unissued shares under option**

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 SHARE AWARDS SCHEME

The CFGL Share Awards Scheme ("CFGL SAS") in respect of ordinary shares of the Company was approved by the shareholders on April 30, 2007. The CFGL SAS is administered by the Remuneration Committee, currently comprising Tan Ngiap Joo, Lim Soon Hock and Tse Man Bun.

The Company would at its discretion and on a free-of-charge basis grant shares under the CFGL SAS to participants of the scheme. The shares will vest only after satisfactory completion of time-based targets and/or time-and-performance-based targets and shall not be more than 10 years from the date of the grant of the shares. Upon vesting, the participants may receive any or a combination of the following:

(a) new ordinary shares credited as fully paid up;

(b) existing shares repurchased from open market; and

(c) cash equivalent value of such shares.

No share awards have been granted under CFGL SAS during the current financial year. There were an aggregate of 1,052,005 share awards which have not been released as at September 28, 2011. No share award will vest until February 16, 2012.

During the current financial year:

(i) no directors or employees of the Company and its subsidiaries have received shares pursuant to the release of awards granted under CFGL SAS which, in aggregate, represent 5% or more of the aggregate of (a) total number of new shares available under CFGL SAS, and (b) total number of existing shares purchased for delivery of awards released under CFGL SAS; and

(ii) no Common Parent Participants have received 5% or more of the total number of shares available to Common Parent Participants under CFGL SAS.

Since the commencement of CFGL SAS to the end of the current financial year, there were no grants of share awards to Common Parent Participants.

The aggregate number of ordinary shares which may be issued under the CFGL SAS shall not exceed 15% of the issued share capital of the Company from time to time.

At no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

7 AUDIT AND RISK MANAGEMENT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE

Details of the Company's Audit and Risk Management Committee, Nominating Committee and Remuneration Committee are set out in the Report on Corporate Governance on page 15 of the Annual Report.

8 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Sung Yu Ching
Managing Director

Chan Tak Hei
Finance Director

Date: December 23, 2011

STATEMENT OF THE DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 28 to 88 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at September 28, 2011, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

On behalf of the Directors

Sung Yu Ching
Managing Director

Chan Tak Hei
Finance Director

Date: December 23, 2011

REPORT ON CORPORATE GOVERNANCE

The Directors are committed to maintaining a high standard of corporate governance within China Fishery Group Limited (the “Company” or “China Fishery”) and its subsidiaries (the “Group”) and confirm that the Company has adhered to the principles and guidelines as set out in the Code of Corporate Governance 2005 (the “Code”) unless otherwise specified.

BOARD MATTERS

Principle 1: Board’s Conduct of its Affairs

The Board oversees the business affairs of the Company and assumes responsibility for the Group’s overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

The Board is supported by the Audit and Risk Management Committee (“ARMC”), Remuneration Committee (“RC”), Nominating Committee (“NC”), Investment Committee (“IC”) and Corporate Social Responsibility Committee (“CSRC”).

The Board conducts regular scheduled meetings at least four times a year and meets as and when warranted by particular circumstances between these scheduled meetings. The Company’s Articles of Association provide for meetings to be held via telephone and video conferencing.

The Company has in place orientation programmes for newly-appointed Directors to ensure that they are familiar with the Group’s structure, its business and operations. Newly appointed Directors are expected to participate in the orientation programmes which include meetings with the Executive Chairman/Managing Director and the Finance Director to obtain in-depth information and an understanding of the Group’s business.

The Company has also set aside a training budget for its Directors to attend relevant courses and seminars. The Directors are provided with updates on changes in the relevant laws and regulations, where appropriate, to enable them to make well-informed decisions and to discharge their duties responsibly.

Board approval is required for matters likely to have a material impact on the Group’s operations as well as matters other than in the ordinary course of business.

Details of Directors’ attendance at Board and Board committee meetings held in the year ended September 28, 2011 (“FY2011”) are summarised in the table below:

	Board	ARMC	RC	NC
Ng Joo Kwee	4	–	–	–
Sung Yu Ching	5	–	–	–
Ng Joo Siang	5	–	–	–
Chan Tak Hei	5	–	–	–
Lim Soon Hock	5	4	2	2
Tse Man Bun	5	4	2	2
Tan Ngiap Joo	5	4	2	2
Patrick Thomas Siewert (alternate: Janine Feng Junyuan)	5	4	–	–
Total held in FY2011	5	4	2	2

	IC
Ng Joo Siang (alternate: Ng Joo Thieng)	2
Patrick Thomas Siewert (alternate: Janine Feng Junyuan)	2
Tse Man Bun (alternate: Tan Ngiap Joo)	2
Total held in FY2011	2

	CSRC
Tse Man Bun (alternate: Tan Ngiap Joo)	6
Ng Joo Siang (alternate: Lt-Gen (Ret) Ng Jui Ping)	6
Patrick Thomas Siewert (alternate: Janine Feng Junyuan)	6
Ng Puay Yee (alternate: Ng Joo Thieng)	5
Total held in FY2011	6

REPORT ON CORPORATE GOVERNANCE

Principle 2: Board Composition

The Board comprises 8 Directors. The Board is of the view that its current size is appropriate, taking into account the nature and scope of the Group's operations.

As at the date of this report, the Board composition is as follows:

Executive Directors:
Ng Joo Kwee (Executive Chairman)
Sung Yu Ching (Managing Director)
Ng Joo Siang
Chan Tak Hei

Non-Executive Independent Directors:
Lim Soon Hock
Tse Man Bun
Tan Ngiap Joo

Non-Executive Director:
Patrick Thomas Siewert (alternate: Janine Feng Junyuan)

The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an independent Director.

As a group, the Directors bring with them a broad range of expertise and experience in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning, as well as customer-based experience and knowledge. The diversity of the Directors' experience allows for the useful exchange of ideas and views. The profile of Board members is set out in the section entitled 'Profile of Directors and Senior Management' of this Annual Report.

The Non-Executive Directors constructively challenge Management and assist in the development of proposals on strategy. The Non-Executive Directors also review the performance of Management at meetings.

Principle 3: Chairman and Managing Director

Ng Joo Kwee is the Executive Chairman of the Company. Mr Ng is one of the founders of the Group and plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. Mr Ng is responsible for the workings of the Board and ensures the integrity and effectiveness of the governance process of the Board.

The Company's Managing Director ("MD") is Sung Yu Ching, who is responsible for the day-to-day running of the Group.

Mr Ng Joo Siang is an Executive Director of the Company and one of the founders of both the Hong Kong-listed and Singapore-listed holding companies, Pacific Andes International Holdings Limited and Pacific Andes Resources Development Limited ("Pacific Andes Group") respectively. Mr Ng is responsible for the overall management of the Company, including implementing major business strategies and co-ordinating the business and operations of both Pacific Andes Group and China Fishery Group and ensuring the quality, quantity and timeliness of information flow between the Board and Management.

There is a clear division of responsibilities between the Executive Chairman and the MD. This ensures a balance of power and authority at the top such that there is no concentration of power in any single individual. The roles of Executive Chairman and MD are separate in line with good corporate governance practices. This also ensures increased accountability and provides the Board with greater capacity for independent decision making.

All major decisions made by the Executive Chairman and MD are endorsed by the Board. Their performance and remuneration packages are reviewed periodically by the NC and the RC respectively. The NC and RC comprise Non-Executive Independent Directors. As such, the Board believes that there are adequate safeguards in place against an unbalanced concentration of power and authority in any single individual.

Principle 4: Board Membership

The Directors who held office in FY2011 and as at the date of this report are disclosed on page 3 (Corporate Information) and page 12 (Report of the Directors) of this Annual Report respectively. Profiles of Directors as at the date of this report are disclosed on pages 10 and 11 (Profile of Directors and Senior Management) of this Annual Report.

Principle 5: Board Performance

Nominating Committee
The NC, regulated by written terms of reference, comprises 3 members, all of whom are Non-Executive Independent Directors, as follows:

Tse Man Bun (Chairman)
Lim Soon Hock
Tan Ngiap Joo

The NC is chaired by Tse Man Bun, a Non-Executive Independent Director not associated with any substantial shareholder.

The principle functions of the NC stipulated in its terms of reference are summarised as follows:

(a) Reviews and makes recommendations to the Board on all Board appointments;

(b) Reviews the Board structure, size and composition and makes recommendations to the Board with regard to any adjustment that are deemed necessary;

(c) Determines the independence of each Director;

(d) Makes recommendations to the Board for the continuation of services by any Director who has reached the age of 70 (seventy) or otherwise;

(e) Assesses the effectiveness of the Board and the performance and contribution of each Director;

(f) Decides whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple Board representations; and

(g) Reviews and recommends newly-appointed Directors and Directors retiring by rotation for re-election at each Annual General Meeting ("AGM").

The NC had reviewed the independence of each Director for FY2011 in accordance with the Code's definition of independence and is satisfied that at least one-third of the Board comprises Non-Executive Independent Directors.

The NC had adopted a formal process of evaluating the performance of the Board as a whole. This process involves the completion of a questionnaire by Board members. A summary of findings is prepared based on the completed questionnaires and is reviewed and deliberated by the NC. The Chairman of the NC confers with the Executive Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary. A Board performance evaluation was carried out to assess and evaluate, amongst other things, the Board's composition, size and expertise, timeliness of Board information, accountability and processes.

The NC also initiated a process for evaluating the performance of the ARMC. For FY2011, members of the ARMC completed a questionnaire, the findings of which will be complied and discussed by the ARMC.

The NC also has in place a process for the selection and appointment of Directors. The process provides for the identification of prospective candidates, a review of their skills, knowledge and experience and an assessment of the candidates' suitability. Candidates found to be suitable are recommended for consideration by the Board.

Principle 5: Board Performance – Continued
Nominating Committee – Continued

In accordance with the Company's Articles of Association, each Director retires at least once every three years by rotation and all newly-appointed Directors retire at the AGM following their appointments. The retiring Directors are eligible to offer themselves for re-election.

The NC had recommended the re-appointment of the following Directors who will be retiring at the forthcoming AGM, following a review of their performance and contributions:

(1) Tan Ngiap Joo

(2) Sung Yu Ching

(3) Chan Tak Hei

The Board had accepted the NC's recommendation and accordingly, the above-named Directors will be offering themselves for re-election.

Principle 6: Access to Information

Directors have independent access to the Group's senior management and the Company Secretary. Directors are provided with complete and adequate information prior to Board meetings and on an ongoing basis.

The Company Secretary provides advice, secretarial support and assistance to the Board and ensures adherence to Board procedures and relevant rules and regulations applicable to the Company. The Company Secretary or her representative attends all Board and Board committee meetings.

The Directors may seek independent professional advice to fulfill their duties and such cost will be borne by the Company.

Remuneration Committee
Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC, regulated by written terms of reference, comprises 3 members, all of whom are Non-Executive Independent Directors, as follows:

Tan Ngiap Joo (Chairman)
Lim Soon Hock
Tse Man Bun

The RC reviews:

(a) the remuneration of the Executive Directors and senior executives of the Group;

(b) fees for Non-Executive Independent Directors which are subject to shareholders' approval at the AGM; and

(c) service contracts and terms of employment of the Executive Directors;

and makes the necessary recommendation to the Board.

For administrative efficiency, the RC has delegated the review of the remuneration of senior executives of the Group to Ng Joo Siang, an Executive Director, but retains its oversight responsibility.

Principle 9: Disclosure on Remuneration – Continued

Remuneration Committee – Continued

The RC also has access to external professional advice on remuneration matters, if required.

The RC had recommended to the Board an amount of S$150,000 as Directors' fees for the year ending September 28, 2012 ("FY2012") , to be paid monthly in arrears. An amount of HK$720,000 was paid as Directors' fees in FY2011 and prior years. To address exchange fluctuations, Management had recommended that Directors' fees be fixed in Singapore dollars and had proposed an amount of S$150,000 for FY2012.

The Board will table this recommendation at the forthcoming AGM for shareholders' approval.

Directors' fees payable to the Non-Executive Independent Directors are set in accordance within a remuneration framework and in consideration of the contribution, effort, time incurred and responsibilities of the Non-Executive Independent Directors.

Executive Directors and Patrick Thomas Siewert, a Non-Executive Director, do not receive Directors' fees.

The remuneration for the Executive Directors and senior executives comprises a basic salary plus other fixed allowances and an annual performance bonus tied to individual performance as well as the Group's performance.

Directors' Remuneration

The remuneration paid for the financial year ended September 28, 2011 is set out below:

Name of Director	Salary (%)	Bonus (%)	Director's Fee (%)	Others (%)	Total (%)
S$500,000 to below S$750,000					
Chan Tak Hei	69	31	–	–	100
S$250,000 to below S$500,000					
Nil					
Below S$250,000					
Ng Joo Kwee	69	31	–	–	100
Sung Yu Ching	85	15	–	–	100
Ng Joo Siang	69	31	–	–	100
Lim Soon Hock	–	–	100	–	100
Tse Man Bun	–	–	100	–	100
Tan Ngjap Joo	–	–	100	–	100
Patrick Thomas Siewert	–	–	–	–	–

Principle 9: Disclosure on Remuneration – Continued

Employees' Remuneration

The annual remuneration paid to each of the top five executives (who are not Directors of the Company) is set out below:

Name of Executive	Salary (%)	Bonus (%)	Others (%)	Total (%)
S$500,000 and above				
Nil				
S$250,000 to below S$500,000				
Francisco Javier Paniagua Jara	93	–	7	100
Jośe Miguel Tirado Melgar	93	–	7	100
Below S$250,000				
Isaac Finger Kogan	93	–	7	100
Francisco Patiño Rivero	93	–	7	100
Roman Emelyanov	92	8	–	100

The Executive Directors' and key senior management's remuneration packages are based on service contracts and their remuneration are determined by having regard to the performance of the Group as well as individuals and market trends. New service agreements or renewals, if any, will be subject to the RC's review to ensure that the terms are fair and for a reasonable period. The existing service agreement provides for termination by the Executive Directors or the Company with not less than 6 months' notice in writing.

With the exception of Ng Joo Siang and Ng Joo Kwee, there were no employees of the Company who are immediate family members of a Director or the Executive Chairman or the MD and whose remuneration exceeded S$150,000 during the financial year under review. Ng Joo Siang, Executive Director, is the brother of Ng Joo Kwee, Executive Chairman.

The Company has in place a Share Awards Scheme (the "Scheme") administrated by the RC.

The Executive Directors, Non-Executive Directors and employees of the Group, except for those who are controlling shareholders or their associates, are eligible to participate in the Scheme. No grants of awards have been made under the Scheme for the financial year under review.

Details of the Scheme are disclosed under Report of the Directors on page 13 of this Annual Report.

Principle 10: Accountability

The Board provides shareholders with a detailed and balanced explanation and analysis of the Company's performance, financial position and prospects on a quarterly basis in the Group's quarterly and full-year results announcements.

Management provides the Board with financial statements of the Group's performance, position and prospects on a regular basis.

REPORT ON CORPORATE GOVERNANCE

Principle 11: Audit and Risk Management Committee

The ARMC, regulated by written terms of reference, comprises 3 Non-Executive Independent Directors and 1 Non-Executive Director, as follows;

Lim Soon Hock (Chairman)
Tse Man Bun
Tan Ngiap Joo
Patrick Thomas Siewert

The Board is of the view that the ARMC members have adequate accounting or related financial management expertise and experience to discharge the ARMC's functions.

The ARMC meets at least four times a year and as and when deemed appropriate, to carry out its functions.

The ARMC has full access to and receives the co-operation of Management. The ARMC also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The ARMC performs the following functions:

- Reviews the annual and quarterly financial statements of the Company and the Group before submission to the Board for adoption;

- Reviews with the external and internal auditors, their audit plans and audit reports;

- Reviews the cooperation given by Management to the external and internal auditors;

- Reviews and nominates the appointment or re-appointment of external auditors;

- Reviews the scope and findings of the internal audit including the effectiveness of the Company's internal audit function;

- Reviews interested person transactions, if any;

- Reviews the independence of the external auditors annually; and

- Reviews hedging policies of the Company for bunker costs and foreign exchange, if any.

The Company has adopted a whistle-blowing policy. Under this policy, the ARMC reviews arrangements by which the staff may, in confidence, report possible improprieties which may cause financial or non-financial loss to the Company. The objective is to ensure that arrangements are in place, for the independent investigation of such concerns and for appropriate follow-up action.

The ARMC had reviewed the non-audit services provided by the external auditors, Deloitte & Touche LLP, and is of the opinion that the provision of such services does not affect their independence.

Annually, the ARMC meets with the external and internal auditors without the presence of Management. The Group has an in-house internal audit function.

The ARMC had recommended the re-appointment of Deloitte & Touche LLP as the Company's auditors at the forthcoming AGM.

REPORT ON CORPORATE GOVERNANCE

Principle 12: Internal Controls

The Board ensures that Management maintains a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The ARMC reviews the adequacy of financial, operational and compliance controls and risk management policies.

The ARMC is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interest and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

Management regularly reviews and improves its business and operational activities to identify areas of significant business risks and takes appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the ARMC and the Board. The Group's financial risk management objectives and policies are outlined in the financial statements. Management is aware that risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, Management can make more informed decisions and benefit from a better balance between risk and reward. This helps to protect and also create shareholders' value.

Based on the information provided to the ARMC, nothing has come to the ARMC's attention to cause the ARMC to believe that the Group's system of internal controls and risk management processes are inadequate. The Board supports this observation.

Principle 13: Internal Audit ("IA")

The Board understands the importance of maintaining a sound system of internal controls and audit. The Company has an internal audit function which reports directly to the ARMC. The internal auditor has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARMC, on an annual basis, assesses the effectiveness of the IA function by examining the scope of the internal audit work, the independence of areas reviewed and the internal audit reports on the state of the Group's internal controls.

The ARMC is satisfied that the IA function is adequately resourced and has the appropriate standing within the Company to undertake its activities independently and objectively.

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

In line with continuous disclosure obligations, the Company is committed to regular and proactive communication with its shareholders. It is the Board's policy that shareholders are informed of all major developments within the Group.

Information is communicated to shareholders on a timely basis through:

(a) Announcements and press releases made via SGXNET on major developments of the Group;

(b) Financial statements containing a summary of the financial information and affairs of the Group for the respective quarters and full-year which are released via SGXNET;

(c) Annual reports sent to all shareholders; and

(d) Notices of and explanatory notes for annual general meetings and extraordinary general meetings.

REPORT ON CORPORATE GOVERNANCE

Principle 15: Greater Shareholder Participation – Continued

At the AGM, shareholders are given opportunities to communicate their views on matters pertaining to the Group and to participate in the meeting. Issues seeking approval of shareholders, if any, are usually tabled as separate resolutions.

The Chairpersons of the ARMC, RC and NC as well as the external auditors will be available at the forthcoming AGM to address any queries raised by shareholders.

Investment Committee
The IC's primary function is to evaluate proposed investments in excess of US$20 million.

The IC, regulated by written terms of reference, comprises 3 members, a majority of whom are Non-Executive Directors, as follows:

Ng Joo Siang (Chairman) (alternate: Ng Joo Thieng, General Manager of CFG Investment S.A.C.)
Patrick Thomas Siewert (alternate: Janine Feng Junyuan)
Tse Man Bun (alternate: Tan Ngiap Joo)

The IC met twice in FY2011 to carry out its function.

Corporate Social Responsibility Committee
The CSRC, regulated by written terms of reference, comprises the following:

Tse Man Bun (Chairman) (alternate: Tan Ngiap Joo)
Ng Joo Siang (alternate: Lt-Gen (Ret) Ng Jui Ping, Non-Executive Independent Director of Pacific Andes Resources Development Limited, the Company's holding company)
Patrick Thomas Siewert (alternate: Janine Feng Junyuan)
Ng Puay Yee - Executive Director of Pacific Andes International Holdings Limited ("PAIH") (alternate: Ng Joo Thieng, General Manager of CFG Investment S.A.C.)

Note: China Fishery is an indirect non-wholly owned subsidiary of PAIH.

The CSRC's key objective is to monitor and evaluate corporate social responsibility matters (including but without limitation to fishery sustainability, environmental compliance and food safety) arising from the business and operations of the Company & its subsidiaries.

The CSRC met six times in FY2011 to carry out its function. A report on corporate social responsibility is shown on page 25 of this Annual Report.

SECURITIES TRANSACTIONS

The Company has adopted an internal code governing dealings in securities by Directors and key officers of the Company and its subsidiaries. This code provides guidance on dealings in the Company's securities. Directors and key officers of the Company and its subsidiaries are required to comply with this code.

Directors and key officers have been informed not to deal in the Company's securities at all times whilst in possession of unpublished price sensitive information and during the periods commencing at least 31 days and 14 days prior to the announcement of the Company's results for the full-year and for the three quarters respectively.

Directors and key officers are also encouraged not to deal in the Company's securities on short-term considerations.

REPORT ON CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The Company has adopted procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the ARMC.

Interested person transactions for FY2011 undertaken pursuant to the shareholders' general mandate under Rule 920 of the Listing Manual of the SGX-ST are as follows:

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 shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST (excluding transactions less than S$100,000)
	US$'000	US$'000
Pacific Andes Resources Development Limited and its subsidiaries:		
Sales of catches	Nil	Nil
Sales of fishmeal products	Nil	Nil
Purchase of bunker and other vessel supplies	Nil	Nil

MATERIAL CONTRACTS

Except for the service agreements entered into with Ng Joo Kwee, Sung Yu Ching and Chan Tak Hei and the interested person transactions conducted under the general mandate given by shareholders, no material contract involving the interests of any Director or controlling shareholders of the Company has been entered into by the Company or any of its subsidiary companies in FY2011.

USE OF PROCEEDS FROM THE PLACEMENT OF SHARES TO CAP III-A LIMITED (THE "PLACEMENT")

The gross proceeds of US$150 million from the Placement had been fully utilised for acquisitions, vessel upgrades and as working capital in FY2011.

CORPORATE SOCIAL RESPONSIBILITY

China Fishery is committed to offering a responsibly-derived range of quality seafood products via its fishing, on-board processing and fishmeal production operations. The Group acknowledges its role as a socially aware corporate citizen and firmly advocates sustainable fishing practices and regulated fishery management. In 2011 the Group's CSRC was active in initiating a number of projects to meet stakeholder concerns and priorities.

Building internal capacity on sustainable fisheries management and CSR

A significant achievement of the CSRC was the appointment of a marine ecologist, Dr. Keith Sainsbury, as an adviser to the Committee. Dr. Sainsbury brings to the Committee a wealth of expertise and research on the assessment, ecology, exploitation and conservation of marine resources and ecosystems. He is a Commissioner for the Australian Fisheries Management Authority and a board member of the Marine Stewardship Council (an international body that certifies sustainable fisheries) and has been instrumental in guiding a number of China Fishery's sustainability initiative. The CSRC also identified the need for a full-time executive to manage the CSR work of the Group and appointed a CSR and Sustainability Manager in September 2011.

Support for sustainable fisheries management

In 2011, a number of the fisheries in which the Group operates were undergoing or considering Marine Stewardship Council (MSC) certification. This included the North Pacific Pollock fisheries and the Peruvian Anchovy fishery. The CSRC guided executives of the Group to actively engage with suppliers, customers, fisheries associations and partners involved in the MSC assessment process to assist where needed. As of September 2011 the plan to commence assessment of the Peruvian Anchovy fishery continues to be under consideration by the fishery association. The Committee will continue to review progress and ensure the provision of data and support to the respective fisheries bodies.

Independent audit of fisheries

In order to assess the environmental and social risks associated with our business, the CSRC initiated a review of the fisheries in which the Group operates by taking into account environmental, social equity and governance concerns. The audits will be conducted by third party experts who are knowledgeable of the respective regions in which the fisheries are based and will cover sustainability and social criteria regarded to be of importance to our stakeholders. We will report on progress in the Group's upcoming Sustainability Report.

Involvement in industry initiatives

Sustainable fisheries management is ultimately dependent on the regulations and limitations set by governments and regional fishery bodies (RFMOs) and China Fishery strictly adheres to legal requirements in all fisheries in which it operates. China Fishery recognises that it also has a role to play in assisting RFMOs in areas where the private sector can add value, such as in the case of scientific data collection. Participants in the South Pacific Regional Fishery Management Organization (SPRFMO) are currently exploring the use of bio-acoustic survey to provide data needs for stock assessments and better management of fisheries in South Pacific. China Fishery is supportive of the initiative to use commercial fishing vessels to collect standardised bio-acoustic data on jack mackerel during fishing operations. Subsequent to the year end, the CSRC initiated dialogue with members of the SPRFMO to identify potential for China Fishery's involvement in the initiative.

The CSRC also agreed to become a supporting sponsor of the Economist's World Oceans Summit taking place in Singapore in February 2012. The Summit will bring together more than 200 global leaders from various sectors and disciplines, including government, business, international organisations, NGOs, think-tanks and academia to examine how the increasing activity in and around the oceans can be managed sustainably.

The CSRC will continue to explore other potential partnerships with industry forums and associations with sustainability remits.

CORPORATE SOCIAL RESPONSIBILITY

Keeping abreast of CSR developments and stakeholder concerns

Executives of the Group attended a number of CSR conferences and training workshops run by stock exchanges in Singapore and Hong Kong to better understand the CSR requirements and trends developing in the region as well as international best practices. Engaging in such forums alerted the CSRC to the need to increase reporting on the Group's environmental, social and governance practices.

Sustainability reporting

The CSRC initiated the process of developing the Group's first stand-alone Sustainability Report, to be published in May 2012. The Report will be a comprehensive overview of the Group's CSR challenges, policies and practices and will include the activities of China Fishery.

An important part of the reporting process is to engage with our stakeholders to identify the environmental, social and governance concerns regarded as relevant to the Group. Subsequent to the year end, the CSRC worked with a CSR advisory firm to conduct an independent stakeholder engagement process in October 2011. Focus groups and interviews were conducted with environmental NGOs, employees and investors and the outcomes of the engagement will be reported in the Group's upcoming Sustainability Report.

To further identify the CSR and sustainability issues considered most material to the Group, a senior management materiality workshop was conducted in October 2011. Results of the workshop will guide the Group's sustainability reporting and strategy development.

Going forward, the CSRC will continue to guide the development of Group-wide CSR policies and initiatives in 2012.

Deloitte.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHINA FISHERY GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of China Fishery Group Limited (the 'Company') and its subsidiaries (the 'Group') which comprise the statements of financial position of the Group and the Company as at September 28, 2011, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 88.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at September 28, 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP
Public Accountants and Certified Public Accountants

Singapore

Date: December 23, 2011

STATEMENTS OF FINANCIAL POSITION
Year ended September 28, 2011

	Notes	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
ASSETS					
Current assets					
Cash and bank balances	7	24,159	29,119	180	125
Pledged deposits	7	–	5,712	–	–
Trade receivables	8	69,726	38,664	–	–
Other receivables and prepayments	9	140,020	95,576	–	–
Prepaid income tax		3,046	5,028	–	–
Deferred expenses	10	47,894	55,415	–	–
Inventories	11	38,261	13,482	–	–
Current portion of prepayment to Arrangers	12	22,133	22,133	–	–
Total current assets		345,239	265,129	180	125
Non-current assets					
Prepayment to Arrangers	12	135,856	157,990	–	–
Advances to Arrangers	12	40,500	–	–	–
Property, plant and equipment	13	564,341	482,717	–	–
Investment properties	14	3,167	2,910	–	–
Goodwill	15	89,427	86,869	–	–
Fishing permits	16	186,911	184,511	–	–
Associate	17	–	1,500	–	–
Subsidiaries	18	–	–	389,762	374,210
Total non-current assets		1,020,202	916,497	389,762	374,210
Total assets		1,365,441	1,181,626	389,942	374,335

STATEMENTS OF FINANCIAL POSITION
Year ended September 28, 2011

	Note	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	19	18,582	15,067	–	–
Other payables and accrued expenses	20	8,985	13,630	39	208
Derivative financial instruments	21	206	1,586	–	–
Income tax payable		4,995	2,018	–	–
Financial guarantee contract		–	–	–	525
Current portion of finance leases	22	4,070	3,989	–	–
Current portion of bank loans	23	129,608	130,791	–	–
Total current liabilities		166,446	167,081	39	733
Non-current liabilities					
Financial guarantee contract		–	–	–	1,181
Finance leases	22	8,124	12,195	–	–
Bank loans	23	355,537	37,899	–	–
Senior notes	24	–	220,841	–	–
Deferred tax liabilities	25	62,787	67,203	–	–
Total non-current liabilities		426,448	338,138	–	1,181
Capital and reserves					
Share capital	26	51,113	50,121	51,113	50,121
Share premium		281,428	251,784	281,428	251,784
Warrants reserve	27	12,714	12,714	12,714	12,714
Revaluation reserve	27	5,856	4,323	–	–
Merger reserve	27	(30,503)	(30,503)	–	–
Retained earnings		451,939	387,968	44,648	57,802
Net equity		772,547	676,407	389,903	372,421
Total liabilities and equity		1,365,441	1,181,626	389,942	374,335

See accompanying notes to the financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended September 28, 2011

	Notes	Group 2011 US$'000	2010 US$'000
Revenue	28 & 29	685,450	538,931
Cost of sales		(94,294)	(46,921)
Charter hire expenses		(74,481)	(83,422)
Vessel operating costs		(290,153)	(209,155)
Gross profit		226,522	199,433
Other operating income	30	4,642	6,543
Selling expenses		(47,860)	(34,882)
Administrative expenses		(15,864)	(13,869)
Other operating expenses		(6,829)	(5,028)
Finance costs:			
– Interest expense	31	(36,407)	(32,890)
– Cost of early redemption of senior notes	24	(16,454)	–
Profit before income tax		107,750	119,307
Income tax expense	32	(4,092)	(2,768)
Profit for the year attributable to the Owners of the Company	33	103,658	116,539
Basic earnings per share (US cents)	34	10.24	13.03
Diluted earnings per share (US cents)	34	10.22	13.01

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended September 28, 2011

	Group	
	2011	2010
	US$'000	US$'000
Profit for the year	103,658	116,539
Revaluation of properties, representing other comprehensive income for the year	1,533	1,603
Total comprehensive income for the year, attributable to the Owners of the Company	105,191	118,142

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended September 28, 2011

	Share capital US$'000	Share premium US$'000	Warrants reserve US$'000	Revaluation reserve US$'000	Merger reserve US$'000	Retained earnings US$'000	Total US$'000
Group							
Balance at September 29, 2009	43,014	101,325	–	2,720	(30,503)	297,321	413,877
Total comprehensive income for the year	–	–	–	1,603	–	116,539	118,142
Issue of shares	5,676	144,324	–	–	–	–	150,000
Share issue expense	–	(3,509)	–	–	–	–	(3,509)
Issue of warrants	–	(12,714)	12,714	–	–	–	–
Final dividend of 4.2 Singapore cents per ordinary share in respect of financial year 2009 (Note 35)	1,431	22,358	–	–	–	(25,892)	(2,103)
Balance at September 28, 2010	50,121	251,784	12,714	4,323	(30,503)	387,968	676,407
Total comprehensive income for the year	–	–	–	1,533	–	103,658	105,191
Final dividend of 5.0 Singapore cents per ordinary share in respect of financial year 2010 (Note 35)	992	29,644	–	–	–	(39,687)	(9,051)
Balance at September 28, 2011	51,113	281,428	12,714	5,856	(30,503)	451,939	772,547

	Share capital US$'000	Share premium US$'000	Warrants reserve US$'000	Retained earnings US$'000	Total US$'000
Company					
Balance at September 29, 2009	43,014	101,325	–	40,142	184,481
Total comprehensive income for the year	–	–	–	43,552	43,552
Issue of shares	5,676	144,324	–	–	150,000
Share issue expense	–	(3,509)	–	–	(3,509)
Issue of warrants	–	(12,714)	12,714	–	–
Final dividend of 4.2 Singapore cents per ordinary share in respect of financial year 2009 (Note 35)	1,431	22,358	–	(25,892)	(2,103)
Balance at September 28, 2010	50,121	251,784	12,714	57,802	372,421
Total comprehensive income for the year	–	–	–	26,533	26,533
Final dividend of 5.0 Singapore cents per ordinary share in respect of financial year 2010 (Note 35)	992	29,644	–	(39,687)	(9,051)
Balance at September 28, 2011	51,113	281,428	12,714	44,648	389,903

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended September 28, 2011

	Note	Group 2011 US$'000	Group 2010 US$'000
Operating activities			
Profit before income tax		107,750	119,307
Adjustments for:			
Amortisation of prepayment to Arrangers		22,134	22,133
Amortisation of senior notes issuing expenses		1,240	1,279
Depreciation expense		59,302	41,504
Cost of early redemption of senior notes		16,454	–
Fair value gain on revaluation of investment properties		(257)	(487)
(Gain) Loss on disposal of property, plant and equipment		(80)	25
Impairment loss of property, plant and equipment		–	1,253
Interest expense		36,407	31,611
Interest income		(104)	(262)
Provision for claims		430	–
Operating cash flows before movements in working capital		243,276	216,363
Trade receivables		(31,062)	(6,629)
Other receivables and prepayments		(44,354)	(44,663)
Deferred expenses		7,521	(22,699)
Inventories		(24,779)	(5,618)
Trade payables		3,515	7,970
Other payables and accrued expenses		(1,665)	(2,404)
Derivative financial instruments		(1,380)	1,586
Cash generated from operations		151,072	143,906
Interest paid		(45,127)	(31,908)
Income tax (paid) refund		(4,005)	1,271
Net cash from operating activities		101,940	113,269
Investing activities			
Purchase of property, plant and equipment	A	(138,009)	(140,193)
Proceeds from disposal of property, plant and equipment		240	23
Purchase of fishing permits		(2,400)	–
Advances to Arrangers		(40,500)	–
Acquisition of subsidiaries	36	(55)	(114,672)
Consideration payable	36	–	(5,108)
Interest received		104	262
Net cash used in investing activities		(180,620)	(259,688)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 28, 2011

	Note	Group 2011 US$'000	2010 US$'000
Financing activities			
Issue of shares		–	146,491
Additions of bank loans		397,605	72,001
Repayment of bank loans		(81,150)	(45,350)
Redemption of senior notes		(235,406)	–
Repayment of obligations under finance leases		(3,990)	(12,722)
Pledged deposits		5,712	(33)
Dividends paid		(9,051)	(2,103)
Net cash from financing activities		73,720	158,284
Net (decrease) increase in cash and cash equivalents		(4,960)	11,865
Cash and cash equivalents at beginning of year		29,119	17,254
Cash and cash equivalents at end of year		24,159	29,119
Cash and cash equivalents consist of:			
Cash at banks	7	23,804	28,811
Cash on hand	7	355	308
		24,159	29,119
Note A			
Purchase of property, plant and equipment		138,009	153,869
Less: Obligations under finance lease		–	(13,676)
Cash payments on purchase of property, plant and equipment		138,009	140,193

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
September 28, 2011

1 General

The Company is incorporated in Cayman Islands with its principal place of business in the Republic of China and registered office at Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

The principal activity of the Company is that of investment holding. The principal activities of the associate and subsidiaries are disclosed in Notes 17 and 18 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended September 28, 2011 were authorised for issue by the Board of Directors on December 23, 2011.

2 Summary of Significant Accounting Policies

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

The financial statements are also prepared in accordance with International Financial Reporting Standards. There are no material differences between the preparation of financial statements in Singapore Financial Reporting Standards and International Financial Reporting Standards that are applicable to the Group and the Company.

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after September 29, 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 24 (Revised) *Related Party Disclosures*
- Amendments to FRS 1 *Presentation of Financial Statements – Amendments relating to Presentation of Items of Other Comprehensive Income*
- Amendments to FRS 12 *Income Taxes – Deferred Taxes: Recovery of Underlying Assets*
- Amendments to FRS 107 *Financial Instruments: Disclosures – Transfers of Financial Assets*
- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*

Consequential amendments were also made to various standards as a result of these new/revised standards.

FRS 24 (Revised) – *Related Party Disclosures*

FRS 24 (Revised) Related Party Disclosures is effective for annual periods beginning on or after January 1, 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity.

In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

2 Summary of Significant Accounting Policies – Continued

Amendments to FRS 1 *Presentation of Financial Statements – Amendments relating to Presentation of Items of Other Comprehensive Income ("OCI")*

The amendment on Other Comprehensive Income ("OCI") presentation will require the Group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

Changes arising from these amendments to FRS 1 will take effect from financial year beginning on or after July 1, 2012, with full retrospective application.

When the Group adopts the amendments, it will have to present revaluation gains on property, plant and equipment and the corresponding tax effects separately from other OCI items that might be recycled to profit or loss.

Amendments to FRS 12 *Income Taxes – Deferred Taxes: Recovery of Underlying Assets*

The amendments to FRS 12 introduce an exception to the measurement principle when deferred tax assets or deferred tax liabilities arise from:

- investment property measured using the fair value model in FRS 40 Investment Property; and

- investment property acquired in a business combination if it is subsequently measured using the fair value model in FRS 40.

Currently, the Group measures deferred tax assets and deferred tax liabilities arising from investment properties to reflect the tax consequences that would follow from the manner in which the Group expects to recover the carrying amount of its investment properties (which may differ depending on whether the recovery is from use or from sale or from both). Such manner of recovery is based on estimates of future transactions based on current intention.

The amendments introduce a rebuttable presumption that the carrying amount of the investment property will a recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The amendments are effective for annual periods beginning on or after January 1, 2012. The Group does not expect the adoption of the amendments to FRS 12 to have any material effects.

Amendments to FRS 107 *Financial Instruments: Disclosures – Transfers of Financial Assets*

The amendments to FRS 107 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Group does not anticipate that these amendments to FRS 107 will have a significant effect on the Group's disclosures regarding its existing arrangements for transfers of trade receivables. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

FRS 110 *Consolidated Financial Statements and FRS 27 Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation – Special Purpose Entities.*

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

2 Summary of Significant Accounting Policies – Continued

FRS 110 *Consolidated Financial Statements and FRS 27 Separate Financial Statements* – Continued

FRS 110 will take effect from financial years beginning on or after January 1, 2013, with full retrospective application.

When the Group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after 1 January 2013, and the Group is currently estimating extent of additional disclosures needed.

FRS 113 *Fair Value Measurement*

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

The Group is currently estimating the effects of FRS 113 in the period of initial adoption.

Management anticipates that the adoption of the above FRSs and amendments to FRSs issued but not effective at the date of authorisation of these financial statements in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except as discussed above.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

COMMON CONTROL BUSINESS COMBINATION OUTSIDE THE SCOPE OF FRS 103 – A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The restructuring exercise in 2005 resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 103 *Business Combinations*. For such common control business combinations, merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

2 Summary of Significant Accounting Policies – Continued

COMMON CONTROL BUSINESS COMBINATION OUTSIDE THE SCOPE OF FRS 103 – Continued

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the financial statements of the constituent entities prior to the common control combination. The carrying amounts are included as if consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Merger reserve represents the difference between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

BUSINESS COMBINATIONS WITHIN THE SCOPE OF FRS 103 – Where there is no common control prior to acquisition, the acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2 Summary of Significant Accounting Policies – Continued

BUSINESS COMBINATIONS WITHIN THE SCOPE OF FRS 103 – Continued

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

The policy described above is applied to all business combinations that take place on or after September 29, 2010.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and balances with banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2 Summary of Significant Accounting Policies – Continued

Financial assets – Continued

Impairment of financial assets – Continued

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision and the amount initially recognised less, when appropriate, cumulative amortisation. The amount amortised on a straight-line basis over the period of the guarantee is the deemed guarantee income for the issuer.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2 Summary of Significant Accounting Policies – Continued

Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 21 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

DEFERRED EXPENSES – Expenses incurred in catching fish and other marine catches during voyages are deferred in the statement of financial position and released to profit or loss as expenses when the fish and marine catches are sold and revenue is recognised for the sale. Expenses on each voyage are deferred to the extent that there is reasonable probability of recovery from sale of fish and other marine catches from that voyage. When it is probable that the costs incurred or to be incurred on a voyage will exceed the estimated value of the catches, the expected loss is recognised as an expense in profit or loss immediately.

The Group pays charter hire fees based on fixed rates and variable rates based on contracted percentages of the annual operating profit attributable to the vessels procured by the Arrangers (Note12). As the fixed portions of charter hire cost are payable during the charter hire period regardless of whether the vessels are deployed (save for certain exceptions during the earlier part of the charter hire), the Group expenses fixed charter hire cost on a time-proportionate basis to profit or loss and does not include this cost in deferred expenses. Variable charter hire costs are determined when the revenue from the sale of fish and marine products can be determined. Variable charter hire cost is accrued as an expense at the same time when revenue is recognised.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of processing and costs to be incurred in marketing, selling and distribution.

PREPAYMENT TO ARRANGERS – Represents future charter hire expense for fishing vessels which have been prepaid or contractually agreed to be prepaid. They are amortised and charged to profit or loss as charter hire expense proratably over the period for which the prepayment is made and the benefits are expected to accrue.

2 Summary of Significant Accounting Policies – Continued

PROPERTY, PLANT AND EQUIPMENT – Leasehold buildings held for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is charged to profit or loss. On subsequent sale or retirement of a revalued building, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

Properties, plant and equipment with the exception of leasehold building are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets less estimated residual value of assets over their estimated useful lives, using the straight-line method on the following bases:

Freehold buildings	–	33 years
Leasehold buildings	–	25 years upon every revaluation or the lease term, if shorter
Fishing vessels	–	10 to 17 years
Factory vessel	–	20 years
Fishing nets	–	4 years
Plant and machinery	–	2 to 10 years
Vehicles	–	20 years
Furniture, fittings and office equipment	–	4 to 10 years

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceed and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

2 Summary of Significant Accounting Policies – Continued

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2 Summary of Significant Accounting Policies – Continued

ASSOCIATES – Continued

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2 Summary of Significant Accounting Policies – Continued

REVENUE RECOGNITION – Continued

Sale of fish and marine related products

Revenue from the sale of fishes and related products are recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYMENT LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2 Summary of Significant Accounting Policies – Continued

INCOME TAX – Continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences which relate to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

2 Summary of Significant Accounting Policies – Continued

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – Continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity, shall be reclassified from equity to income statement (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in foreign currency translation reserves (attributed to minority interest, as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Group's accounting policies

Management did not make any material judgements that have a significant effect on the amounts recognised in the financial statements except for those affecting accounting estimates as disclosed in Note 3(ii).

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying amount of prepayment to Arrangers

As at September 28, 2011, the carrying amount of prepayments to Arrangers (Note 12) was US$157,989,000 (2010: US$180,123,000). The operation of vessels under the vessel operating agreements with the Arrangers (Note 12) have been profitable after deducting amortisation of the prepayment to Arrangers over the periods for which the charter hires have been prepaid. Management expects the operations to remain profitable in the foreseeable future and the carrying amount of the prepayment to Arrangers to be recoverable from future operations.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty – Continued

(ii) Key sources of estimation uncertainty – Continued

Useful lives of property, plant and equipment

The carrying amounts of property, plant and equipment amounting to US$564,341,000 (2010: US$482,717,000) have been determined after charging depreciation on a straight-line basis over the estimated useful lives of these assets.

Components of these carrying amounts are detailed in Note 13.

Management reviews the estimated useful lives of these assets at the end of each annual reporting period and has determined that the useful lives as stated in Note 2 remain appropriate.

Impairment of property, plant and equipment excluding factory and fishing vessels

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. If there is indication of impairment, the recoverable amounts of property, plant and equipment are determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

Management has carried out a review of the recoverable amount of the property, plant and equipment based on their value-in-use and noted no impairment in the current year. In the year ended September 28, 2010, allowance for impairment was US$1,253,000.

Carrying amount of factory and fishing vessels and fishing permits

The carrying amount of factory and fishing vessels (in use and construction-in-progress) and fishing permits was US$235,831,000 and US$186,911,000, respectively, as at September 28, 2011 (2010: US$207,948,000 and US$184,511,000, respectively). Determining whether the carrying amount of these assets can be realised requires an estimation of the value in use of the cash-generating units and a suitable discount rate in order to calculate present value. Management has evaluated these projections using assumptions on catch quantities, prices of catch and operating costs after considering efficiencies that can be achieved when the operations become part of the Group's larger operations. With effect from January 2009, the fishing system in Peru changed from the previous "Olympic" system to "Individual Transferable Quota ("ITQ")" system which entitles fishing companies holding valid licensed fishing vessels to a share of fishing quotas determined by the authorities. Management has evaluated the impact of the quota allocation under the ITQ system and included such consideration in the estimation of the value in use. Based on these evaluations, management is of the view that the carrying amounts of the fishing vessels and fishing permits are realisable through future operations.

Carrying amount of goodwill

Information relating to the carrying amount and management's assessment of goodwill is provided in Notes 15 and 36. Based on the assessment as noted in Note 15, management expects the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

Impairment of investments in subsidiaries

Management has carried out a review of the recoverable amount of the investment in subsidiaries, having regard to the existing performance of the relevant subsidiaries and the carrying value of the net assets in these subsidiaries. No allowance for impairment of investment in subsidiaries has been recognised for year ended September 28, 2011 and September 28, 2010.

The carrying amounts of the investment in subsidiaries and amounts due from subsidiaries are disclosed in Note 18 to the financial statements.

4 Financial Instruments, Financial Risks and Capital Risks Management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Loans and receivables (including cash and bank balances)	258,464	146,714	389,942	370,660
Financial liabilities				
Financial guarantee contract	–	–	–	1,706
Amortised cost	534,693	432,645	39	208
Derivative financial instruments	206	1,586	–	–
	534,899	434,231	39	1,914

(b) Financial risk management policies and objectives

The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates, credit and liquidity. The Group does not enter into any significant financial derivative contracts, except for forward foreign exchange contracts to manage its exposure to Japanese Yen and Euro.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group entities transact largely in their functional currencies, which in most instances is the United States dollar. Foreign exchange risk arises largely from transactions denominated in currencies such as Singapore dollar, Peruvian Nuevos Soles, Chinese Renminbi, Hong Kong dollar and Euro.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2011	2010	2011	2010	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Peruvian Nuevos Soles	8,116	7,349	12,888	8,711	–	–	–	–
Chinese Renminbi	529	643	1,578	278	–	–	–	–
Euro	954	1,342	455	909	–	–	–	–
Hong Kong dollar	199	418	135	130	30	195	32	21
Singapore dollar	11	73	202	135	8	3	134	84

4 Financial Instruments, Financial Risks and Capital Risks Management – Continued

(b) Financial risk management policies and objectives – Continued

(i) Foreign exchange risk management – Continued

Foreign currency sensitivity

The following details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If Peruvian Nuevos Soles, the major currency, weakens or strengthens by 10% against the functional currency of each Group entity, the Group's profit will decrease or increase by US$477,000 (2010: decrease or increase by US$136,000), respectively. For other foreign currencies, management considers that the amounts involved are insignificant and accordingly no sensitivity analysis is presented.

(ii) Interest rate risk management

Interest-earning financial assets comprise bank balances (Note 7). Summary quantitative data of the Group's interest-bearing financial liabilities can be found in section (iv) of this Note.

The Group mitigates its exposure to changes in interest rates by locking in fixed rate borrowings through the issue of senior notes (Note 24) and use of finance leases for which rates are fixed at inception of the finance leases (Note 22). The Group's policy is to obtain the most favourable interest rates available and also by reviewing the terms of the interest-bearing liabilities to minimise the adverse effects of changes in interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and Company's profit for the year ended September 28, 2011 would decrease/increase by approximately US$2,312,000 and US$1,949,000 (2010: decrease/increase by US$641,000 and US$1,853,000) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Sales of fish and other marine catches and fishmeals are made to companies which the Group has assessed to be of good credit rating through their trading and payment history as well as such commercial information which the Group obtains from time to time. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits and credit quality attributed to customers are reviewed periodically. Sales of fishmeals are covered by letters of credit issued by reputable financial institutions. Trade debtors that are neither past due nor impaired are substantially companies with good collection track record with the Group. Management considers that the credit risk associated with the Group's trade receivables has been mitigated by the above risk management practices. The recoverable amount of each individual trade receivable is reviewed at the end of each reporting period and allowance is made for estimated irrecoverable amount.

There is concentration of credit risk as 71% (2010: 56%) of the Group's trade receivables at the end of the financial year relate to two entities (2010: three entities).

As at the end of the reporting period, the Group has balance due from the Arrangers which accounted for US$113,173,000 or 80% (2010: US$66,411,000 or 69%) of the other receivables and prepayments balances. In addition, the Group also advanced US$40,500,000 (2010: HK$Nil) to the Arrangers (Note 12).

The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

4 Financial Instruments, Financial Risks and Capital Risks Management – Continued

(b) Financial risk management policies and objectives – Continued

(iii) Credit risk management – Continued

The maximum amount the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$464.4 million (2010: US$386.5 million). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk.

Further details of credit risks on trade and other receivables and advance to Arranger are disclosed in Notes 8, 9 and 12 respectively.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents and obtains a mix of short-term and long-term external financing to fund its operations.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000
Group					
2011					
Non-interest bearing	**–**	**25,624**	**–**	**–**	**25,624**
Finance lease liabilities	**8.88%**	**5,801**	**10,476**	**(4,083)**	**12,194**
Variable interest rate instruments	**2.72%**	**134,728**	**376,782**	**(25,251)**	**486,259**
Fixed interest rate instruments	**5.85%**	**10,569**	**129**	**(82)**	**10,616**
		176,722	**387,387**	**(29,416)**	**534,693**
2010					
Non-interest bearing	–	26,930	–	–	26,930
Finance lease liabilities	9.26%	6,189	16,415	(6,420)	16,184
Variable interest rate instruments	3.39%	126,962	38,271	(2,437)	162,796
Fixed interest rate instruments	9.21%	25,437	247,957	(46,659)	226,735
		185,518	302,643	(55,516)	432,645

4 Financial Instruments, Financial Risks and Capital Risks Management – Continued

(b) Financial risk management policies and objectives – Continued

(iv) Liquidity risk management – Continued

Liquidity and interest risk analyses – Continued

Non-derivative financial liabilities – Continued

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Adjustment US$'000	Total US$'000
Company					
2011					
Non-interest bearing	–	39	–	–	39
2010					
Non-interest bearing	–	208	–	–	208
Financial guarantee contract	–	525	1,181	–	1,706
		733	1,181	–	1,914

The maximum amount that the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee, is US$464.4 million (2010: US$386.5 million). The earliest period that the guarantee could be called is within 1 year (2010: 1 year) from the end of the reporting period. As mentioned in Note 4b(iii), the Company considers that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Group						
2011						
Non-interest bearing	–	194,160	40,500	–	–	234,660
Variable interest rate instruments	0.01%	24,042	–	–	(238)	23,804
		218,202	40,500	–	(238)	258,464
2010						
Non-interest bearing	–	112,191	–	–	–	112,191
Variable interest rate instruments	0.01%	34,868	–	–	(345)	34,523
		147,059	–	–	(345)	146,714

NOTES TO THE FINANCIAL STATEMENTS

September 28, 2011

4 Financial Instruments, Financial Risks and Capital Risks Management – Continued

(b) Financial risk management policies and objectives – Continued

(iv) Liquidity risk management – Continued

Liquidity and interest risk analyses – Continued

Non-derivative financial assets – Continued

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Company						
2011						
Variable interest rate instruments	**3.33%**	**180**	**–**	**401,949**	**(12,187)**	**389,942**
2010						
Variable interest rate instruments	3.29%	125	–	382,726	(12,191)	370,660

Derivative financial liabilities

At September 28, 2011, the undiscounted contractual net cash outflows on foreign exchange forward contracts that settle on a net basis within one year from the end of the reporting date were US$206,000 (2010: US$1,586,000). The carrying amount of financial derivatives in the consolidated statement of financial position has been determined by reference to the quoted market prices for equivalent instruments at the end of the reporting period.

(v) Other risk management

As at September 28, 2011, the Group prepaid US$288 million (2010: US$288 million) of charter hire fees for 17 (2010: 17) fishing vessels, the benefits of which are to be realised over 10 to 18 years up to 2025 (2010: 10 to 18 years up to 2025). The Group mitigates the risk relating to obligations of the counterparties in respect of the prepayment arrangements and the vessel operating agreements through the security documents described in Note 12.

(vi) Fair values of financial asset and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of financial guarantee contracts at initial recognition is at the present value of the expected loss of the guarantee where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

4 Financial Instruments, Financial Risks and Capital Risks Management – Continued

(b) Financial risk management policies and objectives – Continued

(vi) Fair values of financial asset and financial liabilities – Continued

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value

	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Group				
Financial liabilities				
2011				
Derivative financial instruments	**206**	**–**	**206**	**–**
2010				
Derivative financial instruments	1,586	–	1,586	–

The Group has no financial assets carried at fair value in 2011 and 2010.

Company
The Company had no financial assets or liabilities carried at fair value in 2011 and 2010.

There were no transfers between Level 1 and Level 2 during the year.

Other than set out in the consolidated financial statements, the management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

(c) Capital risk management policies and objectives

The Group's objectives in managing capital are to maintain an optimal capital structure so as to maximise the return to its shareholders, to protect the interests of its stakeholders, safeguard the Group's ability to continue as a going concern and to be able to service its debts when they are due. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, obtain various forms of borrowings in the market and issue new shares at an appropriate price when necessary.

The capital structure of the Group consists of debt, which comprises the borrowings disclosed in Notes 22 to 24, cash and cash equivalents and shareholders' equity.

Management constantly reviews the capital structure to achieve the aforementioned objectives. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Management also ensures that the Group maintains gearing ratios within a set range to comply with the loan covenants imposed by banks.

The Group's overall strategy remains unchanged from September 28, 2010. The Group is in compliance with externally imposed capital requirements for the financial years ended September 28, 2011 and September 28, 2010.

5 Holding Company and Related Company Transactions

The Company is a subsidiary of Super Investment Limited, a company incorporated in Cayman Islands. Its intermediate holding company is Pacific Andes Resources Development Limited ("PARD"), a company incorporated in Bermuda with its shares listed on the Singapore Exchange Securities Trading Limited. Its penultimate holding company is Pacific Andes International Holdings Limited, a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company is N.S. Hong Investment (BVI) Limited, a company incorporated in the British Virgin Islands.

Some of the Company's transactions are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

6 Other Related Party Transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year comprise:

	Group	
	2011	2010
	US$'000	US$'000
Short-term benefits	1,897	1,571
Post-employment benefits	106	80
Total	2,003	1,651

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

7 Cash and Bank Balances/Pledged Deposits

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Cash at banks	23,804	28,811	180	125
Cash on hand	355	308	–	–
	24,159	29,119	180	125
Pledged fixed deposit	–	5,712	–	–
Total	24,159	34,831	180	125

Cash at banks bears interest at rates ranging from 0.001% to 0.1% (2010: 0.001% to 0.01%) per annum.

In prior year, pledged fixed deposit which bore interest ranging from 0.22% to 0.54% per annum was held as security for term loans granted to the Group (Note 23c).

7 Cash and Bank Balances/Pledged Deposits – Continued

The Group and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Peruvian Nuevos Soles	315	886	–	–
Euro	–	711	–	–
Chinese Renminbi	330	183	–	–
Hong Kong dollar	135	130	32	21
Singapore dollar	202	135	134	84

8 Trade Receivables

	Group	
	2011	2010
	US$'000	US$'000
Outside parties	69,726	38,664

An allowance for estimated irrecoverable amount from the sale of goods to third parties of US$623,000 (2010: US$758,000) has been determined by reference to management's estimation of irrecoverable amounts. The Group has provided for receivables over 180 days based on historical experience.

At the end of the reporting period, the trade receivables past due but not impaired are as follows:

	2011	2010
	US$'000	US$'000
< 30 days	9,135	9,322
30 - 60 days	5,148	3,919
61 - 90 days	4,315	–
	18,598	13,241

The Group does not hold any collateral over these balances and has not provided for allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The remaining trade receivables balance of US$51,128,000 (2010: US$25,423,000) is neither past due nor impaired.

The credit period granted on sale of goods in the Pacific Ocean and Peruvian Fishmeal are up to 90 days and 60 days (2010: 30 days and 60 days), respectively. No interest is charged on overdue balances.

8 Trade Receivables – Continued

Movement in the allowance for doubtful debts:

	Group	
	2011	2010
	US$'000	US$'000
Balance at beginning of the year	758	1,375
Written off against trade receivables during the year	(135)	(617)
Balance at end of the year	623	758

The Group's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	2010
	US$'000	US$'000
Peruvian Nuevos Soles	373	1,933
Chinese Renminbi	184	41
Euro	257	–

9 Other Receivables and Prepayments

	Group	
	2011	2010
	US$'000	US$'000
Arrangers	113,173	66,411
Prepayments for fishmeal and operating expenses	15,941	22,357
Value added tax recoverable	2,655	4,119
Others	8,251	2,689
Total	140,020	95,576

9 Other Receivables and Prepayments – Continued

The balances with the Arrangers as of September 28, 2011 and 2010 are unsecured, interest-free and represent advances to the Arrangers for fishing tickets so as to be able to fish in the Pacific Ocean, which are obtained after payment of a resources utilisation fee based on the planned catch volume. Balances also consist of working capital advances for the operation of the vessels under the vessel operating agreements (Note 12).

The balances with the Arrangers are stated net of amounts payable to vessel owners in respect of payments made by the vessel owners on behalf of the Group. This offset has been effected on the basis of arrangements amongst members of the Group, the vessel owners and the Arrangers.

The other receivables balances are neither past due nor impaired.

The Group's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	2010
	US$'000	US$'000
Peruvian Nuevos Soles	12,200	5,892
Euro	198	198
Chinese Renminbi	1,064	54

10 Deferred Expenses

This comprises costs incurred in operating the fishing vessels to be recovered through subsequent sales of fish and other marine products.

11 Inventories

	Group	
	2011	2010
	US$'000	US$'000
Fishmeal and fishoil	10,873	8,734
Frozen fish	16,599	865
Supplies	10,496	3,632
Packing materials	293	251
Total	38,261	13,482

Fishmeal with carrying amounts of US$7,842,000 (2010: US$1,646,000) have been pledged as security for the Group's inventory loans totalling US$21,841,000 (2010: US$2,222,000) (Note 23d).

12 Prepayment to Arrangers

	Group 2011 US$'000	Group 2010 US$'000
Total prepayment to Arrangers	288,000	288,000
Less: accumulated amortisation	(130,011)	(107,877)
	157,989	180,123
Included as current asset	(22,133)	(22,133)
Included as non-current asset	135,856	157,990
Accumulated amortisation:		
At beginning of year	107,877	85,744
Amortisation during the year charged as charter hire expenses	22,134	22,133
At end of year	130,011	107,877

A subsidiary, China Fisheries International Limited ("CFIL"), entered into vessel operating agreements with two companies, Perun Limited ("Perun") and Alatir Limited ("Alatir") (collectively as "Arrangers"), to prepay fixed charter hire for 17 (2010: 17) vessels for 10 to 18 years (2010: 10 to 18 years) up to 2025 (2010: 2025). To secure the benefits from the prepayments and to ensure that the counterparties comply with their obligations under the vessel operating agreements, the counterparties executed the following documents in favour of CFIL:

(i) charges of all the issued shares of Perun and Alatir (the "Charges");

(ii) debentures over all the present and future assets of Perun and Alatir (the "Debentures"); and

(iii) entrusted management agreements to vest upon the nominees of CFIL, the management and control of Perun and Alatir in respect of and limited to the performance and obligations of the vessel operating agreements.

If an event of default occurs, CFIL shall, pursuant to the terms of the Charges and Debentures, be entitled to exercise its rights over the security created by those security documents. Such events of default include, amongst others:

(i) any default by the counterparties in the due performance of any undertaking, condition or obligation on its part to be performed and observed in the vessel operating agreements, the Charges, the Debentures or any other instruments or agreements entered into for the benefit of CFIL; and

(ii) any failure of the counterparties to pay any sum payable from time to time to CFIL on the due date whether in connection with the vessel operating agreements, the Charges, the Debentures or any other security granted in favour of CFIL by each of Perun and Alatir.

Advances to Arrangers

The advances to Arrangers as of September 28, 2011 is unsecured, interest-free and represent advances for the acquisition and upgrade of two fishing vessels under the vessel operating agreements. The advance amount will be offset against future payments made by the vessel owners on behalf of the Group on the basis of arrangements amongst members of the Group, the vessel owners and the Arrangers. The management does not expect the advances to Arrangers to be repaid in the next 12 months.

13 Property, Plant and Equipment

	Freehold land US$'000	Freehold buildings US$'000	Leasehold buildings US$'000	Factory vessel US$'000	Fishing vessels US$'000	Fishing nets US$'000	Plant and machinery US$'000	Vehicles US$'000	Furniture, fittings and office equipment US$'000	Construction-in-progress US$'000	Total US$'000
Group											
Cost or valuation:											
At September 29, 2009	5,310	21,735	5,884	–	77,269	8,591	160,351	1,043	4,116	123,335	407,634
Additions	–	–	–	–	29,929	–	68,430	–	1,021	54,489	153,869
Acquisition of subsidiaries	624	594	–	–	10,941	1,338	6,511	–	95	–	20,103
Disposals	–	–	–	–	–	–	(71)	(11)	(40)	–	(122)
Reclassifications	–	–	–	79,033	28,268	–	48,156	–	–	(155,457)	–
Adjustment on asset revaluation	–	–	1,353	–	–	–	–	–	–	–	1,353
At September 28, 2010	5,934	22,329	7,237	79,033	146,407	9,929	283,377	1,032	5,192	22,367	582,837
Additions	83	420	–	–	30,940	–	81,577	22	796	24,171	138,009
Acquisition of subsidiaries	–	1,544	–	–	–	–	–	–	–	–	1,544
Disposals	(137)	–	–	–	–	–	(58)	(201)	(54)	–	(450)
Reclassifications	–	75	–	–	9,083	1,045	2,262	44	33	(12,542)	–
Adjustment on asset revaluation	–	–	1,229	–	–	–	–	–	–	–	1,229
At September 28, 2011	5,880	24,368	8,466	79,033	186,430	10,974	367,158	897	5,967	33,996	723,169
Comprising:											
September 28, 2010											
At cost	5,934	22,329	–	79,033	146,407	9,929	283,377	1,032	5,192	22,367	575,600
At valuation	–	–	7,237	–	–	–	–	–	–	–	7,237
	5,934	22,329	7,237	79,033	146,407	9,929	283,377	1,032	5,192	22,367	582,837
September 28, 2011											
At cost	5,880	24,368	–	79,033	186,430	10,974	367,158	897	5,967	33,996	714,703
At valuation	–	–	8,466	–	–	–	–	–	–	–	8,466
	5,880	24,368	8,466	79,033	186,430	10,974	367,158	897	5,967	33,996	723,169
Accumulated depreciation:											
At September 29, 2009	–	3,461	–	–	15,727	5,385	30,583	626	1,905	–	57,687
Depreciation	–	431	250	2,305	7,110	1,650	29,171	150	437	–	41,504
Disposals	–	–	–	–	–	–	(29)	(11)	(34)	–	(74)
Eliminated on revaluation	–	–	(250)	–	–	–	–	–	–	–	(250)
At September 28, 2010	–	3,892	–	2,305	22,837	7,035	59,725	765	2,308	–	98,867
Depreciation	–	600	304	3,023	9,820	1,852	43,148	135	420	–	59,302
Disposals	–	–	–	–	–	–	(47)	(194)	(49)	–	(290)
Eliminated on revaluation	–	–	(304)	–	–	–	–	–	–	–	(304)
At September 28, 2011	–	4,492	–	5,328	32,657	8,887	102,826	706	2,679	–	157,575
Impairment in 2010 and balance at September 28, 2010 and 2011	–	–	–	–	–	–	1,253	–	–	–	1,253
Carrying amount:											
At September 28, 2010	5,934	18,437	7,237	76,728	123,570	2,894	222,399	267	2,884	22,367	482,717
At September 28, 2011	5,880	19,876	8,466	73,705	153,773	2,087	263,079	191	3,288	33,996	564,341

13 Property, Plant and Equipment – Continued

The carrying amount of the Group's property, plant and equipment includes an amount of US$9,944,000 (2010: US$17,219,000) in respect of assets held under finance leases (Note 22).

The leasehold buildings situated in Hong Kong and Singapore were revalued by BMI Appraisals Limited, independent valuers not connected with the Group, on an open market value basis as at September 28, 2011 (2010: September 28, 2010). The valuation was arrived using Direct Comparison Method (2010: Direct Comparison Method) and was performed in accordance with International Valuation Standards.

At September 28, 2011, had the leasehold buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately US$3,547,000 (2010: US$3,721,000).

As at September 28, 2010, a factory vessel which amounted to US$125.7 million was pledged as security for term loans granted to the Group (Note 23c).

In 2010, the Group closed two fishmeal plants. The closure led to the recognition of impairment loss of US$1,253,000 that had been recognised in the consolidated income statement and included in the line item other operating expenses. The recoverable amount of the relevant assets has been determined on the basis of their value in use.

14 Investment Properties

	Group	
	2011	2010
	US$'000	US$'000
Balance at beginning of year	2,910	2,423
Fair value gain on investment properties (Note 30)	257	487
Balance at end of year	3,167	2,910

The investment properties in Singapore, leased out under operating leases, were valued at US$3,167,000 (2010: US$2,910,000) by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis as at September 28, 2011 (2010: September 28, 2010). The valuation was arrived using Investment Method (2010: Investment Method) and was performed in accordance with International Valuation Standards.

15 Goodwill

	Group	
	2011	2010
	US$'000	US$'000
Cost:		
At beginning of year	86,869	64,102
Adjustment to goodwill provisionally determined (1)	2,132	–
Arising on acquisition of subsidiaries (Note 36)	426	22,767
At end of year	89,427	86,869

(1) In 2011, the Group completed the valuation of Pesquera Alejandria S.A.C. acquired in 2010. The provisional fair value assigned to the net assets acquired decreased by US$2,132,000 (Note 36), resulting in an increase in goodwill of US$2,132,000.

15 Goodwill – Continued

Goodwill acquired in a business combination is allocated, at acquisition to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the Peruvian operations.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For year ended September 28, 2011 and 2010, the Group engaged an independent financial advisor located in Hong Kong, BMI Appraisals Limited, to determine the value of the Peruvian fishmeal operations as of September 28, 2011 and 2010 respectively. Based on the report of the advisor, dated December 23, 2011 and December 17, 2010, management updated their assessment as of September 28, 2011 and 2010 respectively.

With effect from January 2010, the fishing system in Peru changed from the previous “Olympic” system to “Individual Transferable Quota (“ITQ”)” system which entitles fishing companies holding valid licensed fishing vessels to a share of fishing quotas determined by the authorities. Management has evaluated the impact of the quota allocation under the ITQ system and included such consideration in the estimation of the value in use. Based on these evaluations, management is of the view that the carrying amounts of the fishing vessels and fishing permits are realisable through future operations.

The assessment of recoverability of the carrying amount of goodwill includes:

(i) forecasted projected cash flows up to 2021 (2010: 2020) and projection of terminal value using the perpetuity method;

(ii) growth rate of 3.3% (2010: 3.3%) up to 2021 (2010: 2017); and

(iii) use of 17.26% for the fishmeal (2010: 17.44%) to discount the projected cash flows to net present values.

As at September 28, 2011, any reasonably possible change to key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amount of goodwill.

Based on the above assessment, management expects the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

16 Fishing Permits

	Group 2011 US$'000	Group 2010 US$'000
Cost:		
At beginning of year	184,511	74,189
Acquisition of fishing permit (Note 36)	–	110,322
Additions during the year	2,400	–
At end of year	186,911	184,511

Fishing permits are granted by the authority in Peru. The fishing permits are attached to fishing vessels and are transferable to other fishing vessels. In the financial year ended September 28, 2010, the cost of purchase of a fishing vessel with the attached fishing permit and the cost of acquiring the subsidiary which owns the fishing vessels and attached fishing permits (Note 36) are allocated to the respective component of assets acquired on the basis of valuation reports dated April 16, 2010 and April 29, 2010 respectively prepared by independent third party valuer in Peru, J.R.Z. Adjustadores y Peritos de Seguros S.A.C..

Management has obtained legal advice that the fishing permits do not have a finite term and remain in full force and good standing as long as the applicable legal requirements are complied with. Accordingly, the costs of fishing permits are not amortised.

The Group has engaged independent valuer to determine the value of the Peruvian operations. Based on the report and management's assessment of business prospects, management expects the carrying amount of fishing permits to be recoverable and there is no impairment in value of the fishing permits.

17 Associate

	Group 2011 US$'000	Group 2010 US$'000
Unquoted equity shares, at cost	–	1,500

Details of the associate are as follows:

Name of associate	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held 2011 %	2010 %
Servicios Pesqueros Chimbote S.A. (1) (2)	Peru	Provision of logistic and warehousing services for fishing industry	–	50

(1) Not audited as the associate is deemed not material.

(2) During the financial year, the Group increased its equity interest in the associate company from 50% to 100%. Consequently, this entity became a subsidiary of the Group (Note 18).

17 Associate – Continued

Summarised financial information in respect of the Group's associate is set out below:

	2011 US$'000	2010 US$'000
Total assets	–	318
Total liabilities	–	(64)
Net assets	–	254
Group's share of associate's net assets	–	127

The Group did not account for its share of the associate's results from the date of acquisition as it is not material.

18 Subsidiaries

	Company	
	2011 US$'000	2010 US$'000
Unquoted equity shares, at cost	*	*
Amount due from a subsidiary	389,762	370,535
Fair value of a financial guarantee contract	–	3,675
Total	389,762	374,210

* Amount less than US$1,000.

The amount due from a subsidiary is unsecured and earns interest at 3% above the 3-months London Interbank Offer Rate. The interest earned ranged from 3.25% to 3.33% (2010: 3.25% to 3.54%) per annum.

Management considers the amount due from the subsidiary to approximate fair value as the interest charged is determined with reference to market rate.

18 Subsidiaries – Continued

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held 2011 %	2010 %
Smart Group Limited (1)	Cayman Islands	Investment holding	100	100
Subsidiaries of Smart Group Limited				
China Fisheries International Limited (1)	Samoa/Worldwide	Management and operation of fishing vessels and sale of fish and other marine catches	100	100
CFG Peru Investments Pte Ltd (2)	Singapore	Investment holding	100	100
CFGL (Singapore) Private Limited (2)	Singapore	Property holding	100	100
Premium Choice Group Limited (1)	British Virgin Islands/Worldwide	Management of fishing vessels	100	100
South Pacific Shipping Agency Limited (1)	British Virgin Islands/Worldwide	Agent for procurement of provisions and supplies for the Group	100	100
Speedy Gain International Limited (1) (5)	Cayman Islands	Inactive	–	100
Subsidiaries of China Fisheries International Limited				
Admired Agents Ltd (1) (6)	British Virgin Islands/Worldwide	Agent for procurement of provisions and supplies for the Group	80	80
Champion Maritime Ltd (1)	British Virgin Islands/Worldwide	Inactive	100	100
Chanery Investment Inc. (1)	British Virgin Islands/Worldwide	Property holding	100	100
Chiksano Management Limited (1)	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100

18 Subsidiaries – Continued

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held 2011 %	2010 %
Subsidiaries of China Fisheries International Limited				
Excel Concept Ltd [1] [6]	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group	80	80
Fortress Agents Ltd [1]	British Virgin Islands/Worldwide	Agents for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Gain Star Management Limited [1]	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Growing Management Limited [1]	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Hill Cosmos International Limited [1]	British Virgin Islands/Worldwide	Inactive	100	100
Loyal Mark Holdings Limited [1]	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Metro Island International Ltd [1] [6]	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	80	80

18 Subsidiaries – Continued

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held 2011 %	2010 %
Subsidiaries of China Fisheries International Limited				
Mission Excel International Limited [1]	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Nidaro International Ltd [1]	British Virgin Islands/Worldwide	Inactive	100	100
Nippon Fishery Holdings Limited [1]	British Virgin Islands/Worldwide	Inactive since being acquired	100	100
Ocean Expert International Limited [1]	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Pioneer Logistics Limited [1]	British Virgin Islands/Worldwide	Inactive	100	100
Sea Capital International Limited [1]	British Virgin Islands/Worldwide	Inactive	100	100
Shine Bright Management Limited [1]	British Virgin Islands/Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Superb Choice International Limited [1]	British Virgin Islands/Worldwide	Inactive	100	100
Target Shipping Limited [1]	Hong Kong/Worldwide	Investment holding	100	100
Toyama Holdings Limited [1]	British Virgin Islands/Worldwide	Procurement of provisions and supplies for the Group	100	100

18 Subsidiaries – Continued

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held 2011 %	2010 %
Subsidiary of Chanery Investment Inc.				
Powertech Engineering (Qingdao) Co. Ltd [4]	People's Republic of China	Agent for vessel repairing service for the Group	100	100
Subsidiaries of CFG Peru Investments Pte Limited				
CFG Investment S.A.C. [3]	Peru	Investment holding, operation of fishing vessel, operation of fishmeal plants and sale of fish and marine catches, fishmeal and fishoil	100	100
CFG Investments (Hong Kong) Ltd [1]	Hong Kong	Investment holding	100	100
Protein Trading Limited [2]	Samoa	Procurement and marketing agent for fishmeal	100	100
Sustainable Pelagic Fishery S.A.C. [3]	Peru	Operation of fishing vessels	100	100
Sustainable Fishing Resources S.A.C. [3]	Peru	Operation of fishing vessels	100	100
Subsidiary of CFG Investments (Hong Kong) Limited				
CFG Investments (Shanghai) Ltd [4]	People's Republic of China	Inactive	100	100

18 Subsidiaries – Continued

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held 2011 %	2010 %
Subsidiaries of CFG Investment S.A.C.				
Corporacion Pesquera Frami S.A.C. (3)	Peru	Vessel holding	100	100
Epesca Pisco S.A.C. (3) (8)	Peru	Investment holding, operation of fishmeal plant and fishmeal depot	–	100
Inmobiliaria Y Constructora Pahk S.A.C. (3)	Peru	Investment holding	100	100
Macro Capitales S.A. (3)	Panama	Investment holding	100	100
Pesquera Bari S.A.C. (3)	Peru	Vessel holding	100	100
Servicios Pesqueros Chimbote S.A. (3) (7)	Peru	Provision of logistic and warehousing services for fishing industry	100	50
Subsidiaries of Epesca Pisco S.A.C.				
Dorbes Holding Corporation (3) (8)	Panama	Investment holding	–	100
Subsidiaries of Dorbes Holding Corporation				
Bluefield Overseas Corporation (3) (8)	British Virgin Islands	Investment holding	–	100
Pesquera Alejandria S.A.C. (3) (8)	Peru	Vessel holding	–	100
Sunset Holdings Group S.A (3) (8)	Panama	Investment holding	–	100
Subsidiaries of Premium Choice Group Limited				
Ringston Holdings Limited (1)	Cyprus	Investment holding	100	100

18 Subsidiaries – Continued

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held 2011 %	2010 %
Subsidiary of Ringston Holdings Limited				
CJSC Invest Group [(1)]	Russia	Investment holding	100	100
Subsidiary of CJSC Invest Group				
LLC Investment Company Kredo [(1)]	Russia	Operation of fishing vessel and sale of fish	100	100

(1) Audited by Deloitte & Touche LLP, Singapore for sole purpose of inclusion of their financial position and operating results in the consolidated financial statements of the Group.

(2) Audited by Deloitte & Touche LLP, Singapore.

(3) Audited by overseas practices of Deloitte Touche Tohmatsu.

(4) Not audited as deemed not material to the Group.

(5) The subsidiary was disposed of during the financial year.

(6) The share of the non-controlling interests in the net assets and profit or loss of these subsidiaries is not material.

(7) During the financial year, the Group increased its equity interest in the entity from 50% to 100% and the entity became a subsidiary of the Group (Note 17).

(8) During the financial year, the subsidiary was disposed of after transferring its operations and all of its assets and liabilities to other core companies within the Group.

The subsidiaries have representatives in Hong Kong, People's Republic of China, Taiwan, Russia and Peru to perform various aspects of their activities.

19 Trade Payables

	Group 2011 US$'000	2010 US$'000
Outside parties	18,582	15,067

The average credit period on purchase of goods is 30 days (2010: 30 days). No interest is charged on overdue balances. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Trade payables principally comprise amounts outstanding for vessel operating costs and trade purchases.

19 Trade Payables – Continued

The Group's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	2010
	US$'000	US$'000
Peruvian Nuevos Soles	3,895	2,061
Euro	954	1,342
Chinese Renminbi	529	643
Hong Kong dollar	65	114

20 Other Payables and Accrued Expenses

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Accrued expenses	4,665	3,934	39	208
Interest payable	927	6,524	–	–
Provision for claims [a] (Note 38)	1,943	1,767	–	–
Statutory employees profit share [b]	543	812	–	–
Others	907	593	–	–
Total	8,985	13,630	39	208

(a) Movement in the provision for claims are as follows:

	Group	
	2011	2010
	US$'000	US$'000
At beginning of year	1,767	2,253
Charged to profit or loss	430	–
Settlement during the year	(254)	(486)
At end of year	1,943	1,767

(b) In accordance with Peruvian labour laws, employees of the Group's Peruvian subsidiaries are entitled to 10% share of the taxable profit of the Peruvian subsidiaries. The movements of the balance during the financial year are as follows:

	Group	
	2011	2010
	US$'000	US$'000
At beginning of year	812	1,269
Charged to profit or loss	781	896
Payments during the year	(1,050)	(1,353)
At end of year	543	812

20 Other Payables and Accrued Expenses – Continued

The Group and Company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Peruvian Nuevos Soles	4,221	5,288	–	–
Hong Kong dollar	134	304	30	195
Singapore dollar	11	73	8	3

21 Derivative Financial Instruments

	Group	
	2011	2010
	US$'000	US$'000
Forward foreign exchange contracts	206	1,586

During the year, the Group entered into foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk of contracted sales and purchases which are denominated in foreign currencies. These derivative contracts are not accounted for under hedge accounting.

At the end of the reporting period, the Group has outstanding forward foreign exchange contracts with notional amounts totaling US$11,000,000 (2010: US$37,140,000).

At September 28, 2011, the fair value of the foreign currency forward contracts is US$206,000 (2010: US$1,586,000), which is settled on a net basis. These amounts are based on quoted market prices for equivalent instruments at the end of the reporting period.

Changes in the fair value of non-hedging currency derivatives amounting to US$1,380,000 have been charged to profit or loss in the year (2010: US$1,586,000) and included in the line item administrative expenses.

The following table details the forward foreign currency contracts outstanding as at the end of the reporting period:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2011	2010	2011	2010	2011	2010	2011	2010
			FC'000	FC'000	US$'000	US$'000	US$'000	US$'000
Group								
Sell Japanese Yen less than 12 months	75.50	86.985	844,140	1,000,000	11,000	11,500	206	454
Sell Euro less than 6 months	–	1.337	–	10,000	–	13,370	–	(88)
Buy Euro less than 6 months	–	1.227	–	10,000	–	12,270	–	1,220
							206	1,586

22 Finance Leases

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Amounts payable under finance leases:				
Within one year	5,801	6,189	4,070	3,989
In the second to fifth year inclusive	10,476	16,415	8,124	12,195
Less: Future finance charges	(4,083)	(6,420)	NA	NA
Present value of lease obligations	12,194	16,184	12,194	16,184
Less: Amount due for settlement within 12 months (shown under current liabilities)			(4,070)	(3,989)
Amount due for settlement after 12 months			8,124	12,195

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in United States dollar, the functional currency of the respective Group entities.

The carrying amounts of the Group's lease obligations approximate their fair value.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 13).

23 Bank Loans

	Group	
	2011	2010
	US$'000	US$'000
Bank loans	496,875	169,602
Less: term loans issuing cost	(11,730)	(912)
	485,145	168,690
The bank loans are repayable as follows:		
On demand or within one year	129,608	130,791
In the second year	120,341	37,899
In the third year	120,765	–
In the fourth year	114,431	–
	485,145	168,690
Less: Amount due for settlement within 12 months (shown under current liabilities)	(129,608)	(130,791)
Amount due for settlement after 12 months	355,537	37,899

23 Bank Loans – Continued

The Group's bank loans are denominated in the functional currencies of the respective entities.

The fair value of the Group's borrowings approximates their carrying amount.

The bank loans comprise the following:

(a) Unsecured term loans, revolving loans, and trust receipt loans of US$464,418,000 (2010: US$38,978,000) bear interest rates ranging from 2.22% to 3.33% (2010: 2.25% to 3.54%) per annum. These loans are guaranteed by the Company.

(b) Inventory loans of US$21,841,000 (2010: US$2,222,000) have current maturities, bear variable interest rate ranging from 2.72% to 3.71% (2010: 2.85% to 3.20%) per annum and are secured over the Group's fishmeal (Note 11).

(c) For year ended September 28, 2010, secured term loans of US$22,500,000 and unsecured term loans of US$11,250,000 were repayable in 6 remaining quarterly instalments, and bore interest rates ranging from 3.26% to 3.45% per annum. The secured term loans were secured over a factory vessel (Note 13), ordinary shares of a subsidiary and a fixed deposit (Note 7). The loans were guaranteed by the Company. The loans were repaid during the financial year.

(d) For year ended September 28, 2010, secured term loans of US$39,900,000 bore interest rates of 3.01% per annum. The secured term loans were secured over the ordinary shares of two subsidiaries and a fixed deposit (Note 7). The loans were guaranteed by the Company. The loans were repaid during the financial year.

(e) For year ended September 28, 2010, unsecured bridging loan of US$48,860,000 bore interest rates ranging from 3.13% to 3.14% per annum. The bridging loan was guaranteed by the Company. The loan was repaid during the financial year.

(f) Borrowings of US$1,316,000 (2010: US$2,292,000) are secured and bear fixed interest rates ranging from 7.00% to 8.50% (2010: 7.00% to 8.50%) per annum. The remaining borrowings of US$9,300,000 (2010: US$3,600,000) are unsecured and bear fixed interest rates ranging from 3.20% to 3.90% (2010: 5.25%) per annum.

24 Senior Notes

On December 19, 2006, the Group, through its subsidiary, CFG Investment S.A.C., issued guaranteed senior fixed rate notes with aggregate nominal value of US$225,000,000 (the "Notes") which carried fixed interest of 9.25% per annum and was repayable by December 19, 2013.

The Notes were listed on the Singapore Exchange Securities Trading Limited. They were unsecured and guaranteed by the Company and certain subsidiaries of the Group. The guarantees were effectively subordinated to secured obligations of each guarantor, to the extent of the value of assets serving as security. In 2007, the Company recognised the fair value of the above financial guarantee of US$3,675,000 on the statement of financial position as additional investment in subsidiary and a financial guarantee contract liability. Amortisation of the financial guarantee obligation amounted to US$525,000 in 2010.

At any time prior to December 19, 2010, the Group may redeem the Notes in whole or in part at the principal amount of the Notes plus an applicable premium and accrued interest provided that any partial redemption shall not result in less than US$100 million of outstanding Notes. At any time prior to and up to December 19, 2009, the Group may redeem up to 35% of the Notes, with net cash proceeds from issue of ordinary shares of the Company or sale of ordinary shares of CFG Investment S.A.C., at the redemption price equal to 109.25% of the principal amount of the Notes plus accrued and unpaid interests, if any, as of the redemption date.

The Notes contained certain covenants that limited the Company's and certain subsidiaries' abilities to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred shares;
- declare dividends or purchase or redeem shares;
- make investments or other specified restricted payments;
- issue or sell shares of certain subsidiaries;
- sell assets or create any lien; and
- enter into sale and leaseback transactions.

Management estimated the fair value of the Notes at September 28, 2010 to be approximately US$250,565,000. The fair value has been calculated by assuming redemption on December 19, 2013, using effective interest rate of 6.72% per annum with reference to the US Treasury Zero Coupon Bonds and holding the credit risk margin constant.

The net carrying amount of the Notes was stated net of issue expenses totalling US$8,957,000. Such expenses were amortised over the life of the Notes by charging the expenses to profit or loss and increasing the net carrying amount of the Notes with the corresponding amount. As of September 19, 2011, accumulated amortisation amounted to US$6,038,000 (September 28, 2010: US$4,798,000).

On September 19, 2011, the Group early redeemed the Notes, which resulted in the early redemption costs of $16,454,000 charged to the profit or loss.

25 Deferred Tax Liabilities

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the current financial year:

	Accelerated tax depreciation US$'000	Fair value adjustments [1] US$'000	Provisions US$'000	Tax losses [2] US$'000	Total US$'000
At September 29, 2009	2,872	28,878	(2,564)	(175)	29,011
Arising from acquisition of subsidiaries	–	36,613	–	–	36,613
Charged to income statement (Note 32)	1,234	–	170	175	1,579
At September 28, 2010	4,106	65,491	(2,394)	–	67,203
Arising from acquisition of subsidiaries	–	456	–	–	456
Credited to income statement (Note 32)	(5,148)	(38)	314	–	(4,872)
At September 28, 2011	(1,042)	65,909	(2,080)	–	62,787

(1) Being deferred tax effect on fair value adjustments of property, plant and equipment and fishing permits on business combinations.

(2) Subject to agreement by the tax authorities, the Group had unutilised tax losses of US$583,000 available for offset against future profits. In prior year, a deferred tax asset has been recognised in respect of US$583,000 of unutilised tax losses. The Group had elected the option for the tax losses, which may be carried forward indefinitely subject to availability and the conditions imposed by law including the retention of majority shareholders defined, to be offset at 50% of profit before tax generated in subsequent financial years.

26 Share Capital

	Group and Company Number of ordinary shares at US$0.05 per share	Amount US$'000
Authorised:		
At September 29, 2009, September 28, 2010		
And September 28, 2011	1,600,000,000	80,000
Issued and paid up:		
At September 29, 2009	860,287,997	43,014
Issue of shares as a result of scrip dividend [a]	28,619,588	1,431
Issue of shares during the year [b]	113,513,514	5,676
At September 28, 2010	1,002,421,099	50,121
Issue of shares as a result of scrip dividend [c]	19,841,040	992
At September 28, 2011	1,022,262,139	51,113

Fully paid ordinary shares carry one vote per ordinary share and carry a right to receive dividends.

(a) On March 19, 2010, the Company issued 28,619,588 ordinary shares of US$0.05 at an issue price of S$1.16 per ordinary share as scrip dividend (Note 35).

(b) On July 28, 2010, the Company issued 113,513,514 ordinary shares of US$0.05 at an issue price of S$1.85 (US$1.32) per ordinary share in accordance with the subscription agreement entered into with an independent investor. In conjunction with the share issue, the Company also issued 26,666,666 warrants at a total consideration of US$1 (Note 27). The fair value of the warrants of US$12,714,000 is determined by an external valuer.

(c) On March 30, 2011, the Company issued 19,841,040 ordinary shares of US$0.05 at an issue price of S$1.95 per ordinary share as scrip dividend (Note 35).

27 Reserves

Warrants reserve

Warrants reserve represents the fair value of the warrants issued by the Company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

On July 28, 2010, the Company issued 26,666,666 warrants to an independent party at a total consideration of US$1. Each warrant entitles the holder to subscribe for one ordinary share of US$0.05 each at the exercise price of S$2.10 (US$1.50) per share at any time from the date of issue up to and including July 28, 2013. The warrants will not be listed or traded on the Main Board of the SGX.

No warrants were exercised as at the date of this report.

Revaluation reserve

The revaluation reserve arises on the revaluation of leasehold buildings. Where a revalued leasehold building is sold, the portion of the revaluation revenue that relates to that asset, and is effectively realised, is transferred directly to retained earnings. The revaluation reserve is not available for distribution to the Company's shareholders.

Merger reserve

Merger reserve represents the difference between the aggregate nominal amounts of the share capital of the combining entities and the nominal amount of share capital issued by the Company during the restructuring exercise undertaken in 2005.

28 Revenue

	Group	
	2011	2010
	US$'000	US$'000
Sale of fish and marine catches	473,348	388,622
Sale of fishmeal and fish oil	188,910	134,355
Rental of fishing quota	23,192	15,954
	685,450	538,931

29 Segment Information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the category of major fishing and production locations. The Group's reportable segments under FRS 108 are therefore as follows:

- North Pacific Fleet
- Peruvian Fishmeal
- South Pacific Fleet

Geographical segments

	North Pacific Fleet		Peruvian Fishmeal		South Pacific Fleet		Elimination		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
External revenue	374,699	387,341	170,123	134,355	140,628	17,235	–	–	685,450	538,931
Intersegment revenue	–	–	–	–	10,465	3,061	(10,465)	(3,061)	–	–
Total revenue	374,699	387,341	170,123	134,355	151,093	20,296	(10,465)	(3,061)	685,450	538,931
Segment results	103,739	122,165	49,588	39,431	7,844	(8,762)	–	–	161,171	152,834
Corporate expenses	(560)	(637)	–	–	–	–	–	–	(560)	(637)
Finance costs	(8,233)	(1,871)	(44,550)	(27,300)	(78)	(3,719)	–	–	(52,861)	(32,890)
Profit (Loss) before income tax	94,946	119,657	5,038	12,131	7,766	(12,481)	–	–	107,750	119,307
Income tax expense	(1)	–	(3,623)	(2,588)	(468)	(180)	–	–	(4,092)	(2,768)
Profit (Loss) for the year	94,945	119,657	1,415	9,543	7,298	(12,661)	–	–	103,658	116,539
Other information										
Segment assets	543,025	406,509	518,023	497,581	304,393	276,036	–	–	1,365,441	1,180,126
Interest in associate	–	–	–	1,500	–	–	–	–	–	1,500
Total assets	543,025	406,509	518,023	499,081	304,393	276,036	–	–	1,365,441	1,181,626
Segment liabilities	196,368	95,783	376,843	371,114	19,683	38,322	–	–	592,894	505,219
Capital expenditure	61,232	66,172	30,430	165,666	50,717	75,223	–	–	142,379	307,061
Depreciation and amortisation	49,344	37,374	15,075	13,860	23,257	13,682	–	–	82,676	64,916
Impairment of property, plant and equipment	–	–	–	1,253	–	–	–	–	–	1,253

29 Segment Information – Continued

Revenue based on locations of the customers (which are different from the fishing and production locations) are as follows:

	North Pacific Fleet		Peruvian Fishmeal		South Pacific Fleet		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue								
People's Republic of China	258,113	274,296	110,147	100,575	528	–	368,788	374,871
Japan and Korea	59,097	58,540	16,874	10,263	263	–	76,234	68,803
South East Asia	–	–	14,752	17,069	–	–	14,752	17,069
Europe	49,989	51,490	16,938	1,591	–	–	66,927	53,081
West Africa	–	–	–	–	139,837	17,235	139,837	17,235
Others *	7,500	3,015	11,412	4,857	–	–	18,912	7,872
	374,699	387,341	170,123	134,355	140,628	17,235	685,450	538,931
Non-current assets								
People's Republic of China	3,512	2,718	–	–	–	–	3,512	2,718
South East Asia	3,167	2,910	–	–	–	–	3,167	2,910
Europe	298,230	230,853	–	–	–	–	298,230	230,853
Others *	–	–	466,884	459,732	248,409	218,784	715,293	678,516
	304,909	236,481	466,884	459,732	248,409	218,784	1,020,202	914,997

* Others include North & South America

Information about major customers

For year ended September 28, 2011, included in revenue from North Pacific Fleet are revenues of approximately US$193.8 million which arose from sales to the Group's single largest customer.

For year ended September 28, 2010, included in revenue from North Pacific Fleet are revenues of approximately US$165.0 million and US$54.2 million which arose from sales to the Group's two largest customers.

30 Other Operating Income

	Group	
	2011	2010
	US$'000	US$'000
Settlement from litigation	–	4,300
Fair value gain on investment properties (Note 14)	257	487
Interest income	104	262
Gain on disposal of property, plant and equipment	80	–
Rental income:		
– Investment property (Note 37)	127	252
– Vessels	2,609	–
Others	1,465	1,242
Total	4,642	6,543

31 Finance Costs

	Group	
	2011	2010
	US$'000	US$'000
Amortisation of senior notes issue expenses (Note 24)	1,240	1,279
Interest on:		
– Senior notes	20,119	20,813
– Bank loans	13,825	9,133
– Finance leases	1,223	1,665
Total	36,407	32,890

32 Income Tax Expense

(a) Operations excluding Hong Kong and Peruvian jurisdictions

The Group has no income tax liability from operations outside of Hong Kong and Peru as it fishes in international waters. Additionally, under the terms of the vessel operating agreements executed by the Group with the Arrangers, the Arrangers bear all tax consequences, if any, relating to the agreements.

(b) Hong Kong

Certain subsidiaries act as procurement and marketing agents for the Group and some administrative personnel are located in Hong Kong. Tax on agency income is considered immaterial and has not been provided for.

(c) Peruvian jurisdictions

	Group	
	2011	2010
	US$'000	US$'000
Current tax	8,964	1,189
Deferred tax (Note 25)	(4,872)	1,579
Total	4,092	2,768

Income tax is calculated at the Peruvian tax rate of 30% applied to the estimated assessable profit for the year after deduction of statutory employees' profit share of 10% from the estimated assessable profit.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2011	2010
	US$'000	US$'000
Profit before tax of Peruvian jurisdictions	5,038	12,131
Tax expense at Peruvian tax rate of 30% (2010: 30%)	1,511	3,639
Tax effect of expenses (income) that are not deductible (taxable) in determining taxable profit	2,347	(1,140)
Effect of employees' profit share	234	269
Total	4,092	2,768

33 Profit for the Year

Profit for the year has been arrived at after charging:

	Group 2011 US$'000	Group 2010 US$'000
Depreciation and amortisation:		
– Amortisation of prepayment to Arrangers (Note 12)	22,134	22,133
– Depreciation of property, plant and equipment (Note 13)	59,302	41,504
– Amortisation of senior notes issue expenses (Note 31)	1,240	1,279
Total depreciation and amortisation	82,676	64,916
Directors' remuneration of the Company	1,060	868
Audit fees:		
– paid to auditors of the Company	497	528
– paid to other auditors	126	135
Total audit fees	623	663
Non-audit fees:		
– paid to auditors of the Company	312	64
– paid to other auditors	336	–
Total non-audit fees	648	64
Aggregate amount of fees paid to auditors	1,271	727
Crew wages and employee benefits expense (including directors' remuneration)	75,577	66,951
Defined contribution plan expense	1,585	1,322
Cost of inventories recognised as expense [a]	89,125	42,926
Net foreign exchange losses	1,075	1,186

[a] This comprises cost of inventories relating to the operations in Peru and South Pacific Fleet, the nature of which is stated in Note 11. It excludes cost incurred in fishing in the North and South Pacific Ocean which are recorded as deferred expenses in Note 10.

34 Earnings Per Share

The basic earnings per ordinary share for the year ended September 28, 2011 is calculated based on the Group's profit attributable to shareholders of the Company of US$103,658,000 (2010: US$116,539,000) for the year ended September 28, 2011 divided by the weighted average number of 1,012,640,594 (2010: 894,702,842) ordinary shares in issue for the year ended September 28, 2011.

The diluted earnings per ordinary share for the year ended September 28, 2011 is calculated based on the Group's profit attributable to shareholders of the Company of US$103,658,000 (2010: US$116,539,000) for the year ended September 28, 2011 divided by the weighted average number of 1,013,792,270 (2010: 895,889,030) ordinary shares in issue for the year ended September 28, 2011.

35 Dividend

On January 22, 2010, the Company declared a final dividend of 4.20 Singapore cents (3.17 US cents) per share for the period ended September 28, 2009 with a scrip alternative to offer the right to shareholders to elect to receive the final dividend by allotment of new shares in lieu of cash. Accordingly, on March 19, 2010, the Company issued 28,619,588 ordinary shares of US$0.05 at an issue price of S$1.16 per ordinary share (Note 26) and paid US$2,103,000 as cash dividend.

On January 25, 2011, the Company declared a final dividend of 5.00 Singapore cents (3.77 US cents) per share for the period ended September 28, 2010 with a scrip alternative to offer the right to shareholders to elect to receive the final dividend by allotment of new shares in lieu of cash. Accordingly, on March 30, 2011, the Company issued 19,841,040 ordinary shares of US$0.05 at an issue price of S$1.95 per ordinary share (Note 26) and paid US$9,051,394 as cash dividend.

The final dividend in respect of the year ended September 28, 2011 of 4.50 Singapore cents (3.48 US cents) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting and has not been included as a liability in these financial statements.

36 Acquisition of Subsidiaries

The Group acquired the following subsidiaries and accounted for these acquisitions using the purchase method of accounting:

2011

Subsidiary incorporated in Peru	**Date of acquisition**
Servicios Pesqueros Chimbote S.A.	December 23, 2010

The Group acquired the subsidiaries primarily to lower vessel operating costs of the Peruvian operations.

(a) Consideration transferred (at acquisition date fair values)

	US$'000
Cash consideration	55
Consideration previously paid for interest in associate	1,500
Total	1,555

36 Acquisition of Subsidiaries – Continued

(b) Assets acquired and liabilities assumed at the date of acquisition

	Acquiree's carrying amount before combination US$'000	Fair value adjustments US$'000	Fair value US$'000
Non-current assets			
Property, plant and equipment	80	1,464	1,544
Current assets			
Other receivables and prepayments	90	–	90
Current liabilities			
Other payables	(49)	–	(49)
Non-current liabilities			
Deferred tax liabilities	(14)	(442)	(456)
Net assets acquired and liabilities assumed	107	1,022	1,129

(c) Goodwill arising on acquisition

	US$'000
Total consideration	1,555
Less: fair value of identifiable net assets acquired	(1,129)
Goodwill arising on acquisition	426

The provisional goodwill arose in the acquisition of the subsidiary because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, and future market development of the Peruvian Fishmeal operation. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

36 Acquisition of Subsidiaries – Continued

(d) Net cash outflow on acquisition of subsidiary

	US$'000
Consideration paid in cash	55

(e) Impact of acquisition on the results of the Group

During the year, the acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of US$Nil and loss of US$10,000 in the Group's financial statements.

It is not practicable to estimate the change in revenue and operating results for the Group had the above acquisitions being effected at the beginning of the financial year as financial statements prior to the acquisitions have not been prepared based on International Financial Reporting Standards or Singapore Financial Reporting Standards.

2010

Subsidiary incorporated in British Virgins Island	Date of acquisition
Bluefield Overseas Corporation	May 18, 2010

Subsidiary incorporated in Panama	Date of acquisition
Sunset Holdings Group S.A.	May 18, 2010
Dorbes Holding Corporation	May 18, 2010

Subsidiaries incorporated in Peru	Date of acquisition
Deep Sea Fishing S.A.C.	May 6, 2010
Pesquera Alejandria S.A.C.	May 18, 2010

The Group acquired the subsidiaries primarily to increase its Peruvian Anchovy fishing quota and increase the production volume of fishmeal, which will enhance the economies of scale and achieve higher operating efficiencies of the Peruvian operations.

Subsequent to its acquisitions, Deep Sea Fishing S.A.C. was disposed of after acquisitions, with assets transferred to the other core companies of the Group to streamline the structure.

36 Acquisition of Subsidiaries – Continued

(a) Consideration transferred (at acquisition date fair values)

	Deep Sea Fishing S.A.C. US$'000	Dorbes Holding Corporation US$'000	Total US$'000
Cash consideration	16,593	98,461	115,054

(b) Assets acquired and liabilities assumed at the date of acquisition

	Deep Sea Fishing S.A.C. US$'000	Dorbes Holding Corporation US$'000	Total US$'000
Current assets			
Cash and bank balances	–	382	382
Trade receivables	–	289	289
Other receivables and prepayments	–	5,567	5,567
Inventories	–	48	48
Non-current assets			
Property, plant and equipment	–	20,103	20,103
Fishing permits	21,497	88,825	110,322
Current liabilities			
Trade payables	–	(246)	(246)
Other payables	(1,407)	(1,034)	(2,441)
Bank loans	–	(5,124)	(5,124)
Non-current liabilities			
Deferred tax liabilities	(6,026)	(30,587)	(36,613)
Net assets acquired and liabilities assumed	14,064	78,223	92,287

(c) Goodwill arising on acquisition

	Deep Sea Fishing S.A.C. US$'000	Dorbes Holding Corporation US$'000	Total US$'000
Cash consideration	16,593	98,461	115,054
Less: fair value of identifiable net assets acquired	(14,064)	(78,223)	(92,287)
Goodwill arising on acquisition	2,529	20,238	22,767

The provisional goodwill arose in the acquisition of the subsidiaries because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, and future market development of the Peruvian Waters operation. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The provisional fair values for subsidiaries acquired above was finalised in the current financial year with the provisional fair values assigned to the net assets acquired decreased by US$2,132,000 resulting in an increase in goodwill of US$2,132,000 (Note 15).

36 Acquisition of Subsidiaries – Continued

(d) Net cash outflow on acquisition of subsidiaries

	2010
	US$'000
Consideration paid in cash	115,054
Less: cash and cash equivalent balances acquired	(382)
Net	114,672

(e) Impact of acquisitions on the results of the Group

In prior year, the acquisition of the subsidiaries resulted in inclusion of post-acquisition revenue of US$693,000 and losses of US$343,000 in the Group's financial statements.

It is not practicable to estimate the change in revenue and operating results for the Group had the above acquisitions being effected at the beginning of the financial year as financial statements prior to the acquisitions have not been prepared based on International Financial Reporting Standards or Singapore Financial Reporting Standards.

37 Operating Lease Arrangements

The Group as lessee

		Group	
		2011	2010
		US$'000	US$'000
(a)	Minimum lease expenditure under operating leases recognised as an expense in the year	74,481	83,422
	Comprising:		
	– Amortisation of prepayment to Arrangers (Note 12)	22,134	22,133
	– Variable charter hire	26,067	35,009
	– Fixed charter hire	26,280	26,280

(b) As at September 28, 2011 and September 28, 2010, the Group has ongoing commitments to pay variable charter hire for 17 fishing vessels under the first, second and third vessel operating agreements entered into with Perun and Alatir for a period of 10 to 18 years up to December 31, 2025. Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels before deduction of amortisation of fixed prepayment to Arrangers.

37 Operating Lease Arrangements – Continued

(c) As at September 28, 2011 and September 28, 2010, the Group has ongoing commitment to pay fixed charter hire of US$12,000 per day per vessel, and variable charter hire for 6 fishing vessels under the fourth vessel operating agreement entered into with Perun up to December 31, 2011. Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels after deduction of fixed charter hire payable annually.

Fixed charter hire payables under the fourth vessel operating agreement are as follows:

	Group	
	2011	2010
	US$'000	US$'000
Within one year	**6,768**	26,280
In the second to fifth year inclusive	**–**	6,768
Total	**6,768**	33,048

The Group as lessor

The Group rents out a portion of its freehold buildings in Peru and leasehold buildings in Singapore under operating leases. Property rental income earned during the year was US$127,000 (2010: US$252,000). At the end of reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2011	2010
	US$'000	US$'000
Within one year	**–**	101

38 Contingent Liabilities

(a) Certain members of the Group are parties to legal processes in Peru amounting to approximately US$2,860,000 (2010: US$3,032,000). These relate to fishing compliance, former employees and miscellaneous claims. The Group's legal advisor has advised the Group that US$1,943,000 (2010: US$1,767,000) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of US$917,000 (2010: US$1,265,000) cannot be reasonably ascertained. Additionally, there are claims which the legal advisor has opined to have remote chances of resulting in unfavourable outcomes for the Group.

The Group made a provision of US$1,943,000 (2010: US$1,767,000) (Note20) for those claims where the outcome is likely to be unfavourable to the Group.

(b) At the end of the reporting period, the Company had contingent liabilities arising from unsecured guarantees given to banks in respect of banking facilities utilised by subsidiaries amounting to US$464,418,000 (2010: US$161,480,000). In addition, an unsecured guarantee was given in respect of the issuance of senior fixed rate notes with aggregate nominal value of US$225,000,000 in the prior financial year.

39 Commitments

At as September 28, 2011, at the end of the reporting period, the Group had approved and contracted commitments for the acquisition of property, plant and equipment that were not provided for in the financial statements amounting to US$13,358,000 (2010: US$29,260,000).

40 Subsequent Events

On November 7, 2011, the Group acquired two Peruvian fishing companies, namely Consorcio Vollmacht S.A.C. and Negocios Rafamar S.A.C., for a total consideration of US$26.16 million. Assets of the two Peruvian fishing companies include two fishing vessels, fishing permits and one fishmeal processing plant.

It is not practicable to estimate the change in revenue and operating results for the Group had the above acquisitions being effected at the beginning of the financial year.

SUPPLEMENTARY INFORMATION

The reporting currency of the Group is in United States Dollars. A Singapore Dollars equivalent of the statement of financial position and consolidated income statement of the Group is provided as Supplementary Information for shareholders and investors in Singapore.

Statement of Financial Position

Year ended September 28, 2011

	Group (Unaudited) 2011 S$'000	2010 S$'000
ASSETS		
Current assets:		
Cash and bank balances	31,165	46,140
Trade receivables	89,946	51,217
Other receivables and prepayments	180,626	126,607
Prepaid income tax	3,929	6,660
Deferred expenses	61,781	73,407
Inventories	49,356	17,859
Current portion of prepayment to Arrangers	28,551	29,319
Total current assets	445,354	351,209
Non-current assets:		
Prepayment to Arrangers	175,253	209,286
Advances to Arrangers	52,244	–
Property, plant and equipment	727,995	639,445
Investment properties	4,085	3,855
Goodwill	115,360	115,074
Other intangible assets	241,113	244,418
Associate	–	1,987
Total non-current assets	1,316,050	1,214,065
Total assets	1,761,404	1,565,274
LIABILITIES AND EQUITY		
Current liabilities:		
Trade payables	23,971	19,959
Other payables and accrued expenses	11,591	18,055
Derivative financial instruments	266	2,101
Income tax payable	6,443	2,673
Current portion of finance leases	5,250	5,284
Bank overdrafts and current portion of bank loans	167,193	173,256
Total current liabilities	214,714	221,328
Non-current liabilities:		
Finance leases	10,480	16,154
Bank loans	458,639	50,204
Senior notes	–	292,543
Deferred tax liabilities	80,995	89,022
Total non-current liabilities	550,114	447,923
Capital and reserves:		
Share capital	65,935	66,394
Reserves	930,641	829,629
Total equity	996,576	896,023
Total liabilities and equity	1,761,404	1,565,274

SUPPLEMENTARY INFORMATION

Consolidated Income Statement

Year ended September 28, 2011

	Group (Unaudited) 2011 S$'000	2010 S$'000
Revenue	884,223	713,910
Cost of sales	(121,638)	(62,155)
Charter hire expenses	(96,080)	(110,507)
Vessel operating costs	(374,294)	(277,063)
Gross profit	292,211	264,185
Other operating income	5,988	8,667
Selling expenses	(61,739)	(46,207)
Administrative expenses	(20,464)	(18,372)
Other operating expenses	(8,809)	(6,660)
Finance costs		
– interest	(46,965)	(43,569)
– cost of early redemption of senior notes	(21,225)	–
Profit before tax	138,997	158,044
Income tax expense	(5,279)	(3,667)
Profit for the year	133,718	154,377
Basic earnings per share (Singapore cents)	13.21	17.26
Diluted earnings per share (Singapore cents)	13.18	17.23

* Exchange rate
September 28, 2011: S$1 = US$0.7752
September 28, 2010: S$1 = US$0.7549

SHAREHOLDERS' INFORMATION

As at December 15, 2011

Shareholding and Warrantholding Information

AUTHORISED SHARE CAPITAL	:	US$80,000,000.00
ISSUED AND FULLY PAID-UP CAPITAL	:	US$51,113,106.95
CLASS OF SHARES	:	ORDINARY SHARES OF US$0.05 EACH
VOTING RIGHTS	:	ONE VOTE PER SHARE

Distribution of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-999	322	13.11	105,175	0.01
1,000-10,000	1,434	58.36	6,742,664	0.66
10,001-1,000,000	689	28.04	27,708,005	2.71
1,000,001 & ABOVE	12	0.49	987,706,295	96.62
TOTAL	2,457	100.00	1,022,262,139	100.00

Treasury Shares

The Company does not hold any treasury shares.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Super Investment Limited	713,216,425	69.77	–	–
Zhonggang Fisheries Limited (1)	–	–	713,216,425	69.77
Golden Target Pacific Limited (2)	8,269,037	0.81	713,216,425	69.77
Pacific Andes Resources Development Limited (3)	–	–	721,485,462	70.58
CAP III-A Limited	113,513,514	11.10	–	–
Carlyle Asia Partners III, L.P. (4)	–	–	113,513,514	11.10
CAP III General Partners, L.P. (5)	–	–	113,513,514	11.10
CAP III Ltd (6)	–	–	113,513,514	11.10
TC Group Cayman Investment Holdings, L.P. (7)	–	–	113,513,514	11.10
TCG Holdings Cayman II, L.P. (8)	–	–	113,513,514	11.10
Carlyle Offshore Partners II, Ltd (9)	–	–	113,513,514	11.10

Notes:

(1) Zhonggang Fisheries Limited ("Zhonggang Fisheries") owns 49.9% of the shares in Super Investment Limited ("Super Investment") and is therefore deemed to be interested in 713,216,425 shares of the Company held by Super Investment.

(2) Golden Target Pacific Limited ("Golden Target") owns 47% of the shares in Super Investment and 70% of the shares in Zhonggang Fisheries. Golden Target is therefore deemed to be interested in 713,216,425 shares in the Company held by Super Investment. Golden Target is also deemed to be interested in 713,216,425 shares held by Super Investment through Zhonggang Fisheries.

The 8,269,037 shares held by Golden Target are registered in the name of nominees, namely, HSBC (Singapore) Nominees Pte Ltd (147,725 shares) and Nomura Singapore Limited (8,121,312 shares).

(3) Pacific Andes Resources Development Limited ("PARD") owns 100% of the shares in Golden Target. PARD is therefore deemed to be interested in 8,269,037 shares held by Golden Target and 713,216,425 shares in the Company held by Super Investment through Golden Target. PARD is also deemed to be interested in 713,216,425 shares held by Super Investment through Zhonggang Fisheries.

(4) CAP III-A Limited ("Carlyle") is a wholly-owned subsidiary of Carlyle Asia Partners III, L.P. ("Carlyle Asia"). By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, Carlyle Asia is deemed to be interested in the shares held by Carlyle.

SHAREHOLDERS' INFORMATION
As at December 15, 2011

Substantial Shareholders – Continued

Notes: – Continued

(5) Carlyle is a wholly-owned subsidiary of Carlyle Asia which acts in accordance with the instructions of its general partner, CAP III General Partners, L.P. ("CAP III GP"). By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, CAP III GP is deemed to be interested in the shares held by Carlyle.

(6) Carlyle is a wholly-owned subsidiary of Carlyle Asia which acts in accordance with the instructions of its general partner, CAP III GP. In turn, CAP III GP acts in accordance with the instructions of its general partner, CAP III Ltd ("CAP III"). By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, CAP III is deemed to be interested in the shares held by Carlyle.

(7) Carlyle is a wholly-owned subsidiary of Carlyle Asia which acts in accordance with the instructions of its general partner, CAP III GP. In turn, CAP III GP acts in accordance with the instructions of its general partner, CAP III.

CAP III is a wholly-owned subsidiary of TC Group Cayman Investment Holdings, L.P. ("TC Group"). By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, TC Group is deemed to be interested in the shares held by Carlyle.

(8) Carlyle is a wholly-owned subsidiary of Carlyle Asia which acts in accordance with the instructions of its general partner, CAP III GP. In turn, CAP III GP acts in accordance with the instructions of its general partner, CAP III.

CAP III is a wholly-owned subsidiary of TC Group which acts in accordance with the instructions of its general partner, TCG Holdings Cayman II, L.P. ("TCG Holdings"). By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, TCG Holdings is deemed to be interested in the shares held by Carlyle.

(9) Carlyle is a wholly-owned subsidiary of Carlyle Asia which acts in accordance with the instructions of its general partner, CAP III GP. In turn, CAP III GP acts in accordance with the instructions of its general partner, CAP III.

CAP III is a wholly-owned subsidiary of TC Group which acts in accordance with the instructions of its general partner, TCG Holdings. In turn, TCG Holdings acts in accordance with the instructions of its general partner, Carlyle Offshore Partners II, Ltd ("Carlyle Offshore"). By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, Carlyle Offshore is deemed to be interested in the shares held by Carlyle.

TWENTY LARGEST SHAREHOLDERS AS AT DECEMBER 15, 2011		NO. OF SHARES	%
1	SUPER INVESTMENT LIMITED	713,216,425	69.77
2	CAP III-A LIMITED	113,513,514	11.10
3	CITIBANK NOMINEES SINGAPORE PTE LTD	59,382,986	5.81
4	DBS NOMINEES PTE LTD	49,448,886	4.84
5	HSBC (SINGAPORE) NOMINEES PTE LTD	21,087,215	2.06
6	NOMURA SINGAPORE LIMITED	8,121,312	0.79
7	DBSN SERVICES PTE LTD	8,105,394	0.79
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,719,741	0.66
9	MERRILL LYNCH (SINGAPORE) PTE LTD	4,288,301	0.42
10	LIM BEE LENG	1,649,259	0.16
11	RAFFLES NOMINEES (PTE) LTD	1,114,262	0.11
12	LOW WOO SWEE *alias* LOH SWEE TECK	1,059,000	0.10
13	OCBC SECURITIES PRIVATE LTD	944,136	0.09
14	UOB KAY HIAN PTE LTD	789,448	0.08
15	PHILLIP SECURITIES PTE LTD	654,033	0.06
16	JUSUF OR MARIANA	641,125	0.06
17	YAP CHYE LEE OR SOH SWEE NGAN	598,431	0.06
18	KIM ENG SECURITIES PTE. LTD.	586,000	0.06
19	DBS VICKERS SECURITIES (S) PTE LTD	582,531	0.06
20	PETER LEONG KOCK WAH	517,000	0.05
		993,018,999	97.13

SHAREHOLDERS' INFORMATION

As at December 15, 2011

Percentage of Shareholding in Public's Hands

18.3% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Statistics of Warrantholdings

No. of Warrants	:	26,666,666
Expiry Date of Warrants	:	July 28, 2013
No. of Warrants Exercised	:	Nil

On July 28, 2010, the Company had issued 26,666,666 Warrants to CAP III-A Limited at a total consideration of US$1 (the "Warrants"). Each of the Warrants carries the right to subscribe to one new ordinary share of the Company of US$0.05 each at an exercise price of S$2.10 per Warrant which is payable in United States dollar based on a fixed exchange rate in accordance with the subscription agreement entered into with CAP III-A Limited. The Warrants have not been listed or traded on the Main Board of the SGX.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CHINA FISHERY GROUP LIMITED (the "Company") will be held at Capricorn, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Saturday, January 28, 2012 at 9:30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended September 28, 2011 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a first and final dividend of 4.50 Singapore cents per ordinary share (tax not applicable) for the year ended September 28, 2011, payable in cash (2010: 5.00 Singapore cents per ordinary share (tax not applicable)).

   (Resolution 2)

3. To re-elect the following Directors retiring by rotation pursuant to Article 107 of the Company's Articles of Association:

   Mr Tan Ngiap Joo **(Resolution 3)**
   Mr Sung Yu Ching **(Resolution 4)**
   Mr Chan Tak Hei **(Resolution 5)**

   Mr Tan Ngiap Joo will, upon re-election as a Director of the Company, remain a member of the Audit and Risk Management Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$150,000 for the year ending September 28, 2012, payable monthly in arrears (2011: HK$720,000 or equivalent to S$122,400 assuming an exchange rate of HK$1=S$0.17).

   [See Explanatory Note (i)] **(Resolution 6)**

5. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 7)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Share Issue Mandate

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force, provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company (the "Shareholders") (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty percent (20%) of the total number of issued shares in the capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares shall be based on the total number of issued shares of the Company as at the date of the passing of this Resolution, after adjusting for:

   (i) new shares arising from the conversion or exercise of convertible securities;
   (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and
   (iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of such convertible securities.

[See Explanatory Note (ii)] **(Resolution 8)**

8. Authority to allot and issue shares under the CFGL Share Awards Scheme

That authority be given to the Directors of the Company to allot and issue from time to time such number of fully-paid shares in the Company as may be required to be issued pursuant to the vesting of the awards under the CFGL Share Awards Scheme (the "Scheme"), provided that the aggregate number of new shares to be issued pursuant to:

(a) the Scheme, shall not exceed ten percent (10%) of the total number of issued shares in the capital of the Company as at the date of approval of the Scheme by the Shareholders; and

(b) the Scheme and any other share scheme which the Company may have in place, shall not exceed fifteen percent (15%) of the total number of issued shares in the capital of the Company from time to time.

[See Explanatory Note (iii)] **(Resolution 9)**

9. **China Fishery Group Limited Scrip Dividend Scheme**

That authority be given to the Directors of the Company to allot and issue from time to time such number of new fully-paid shares in the Company as may be required to be allotted and issued pursuant to the China Fishery Group Limited Scrip Dividend Scheme (the "Scrip Dividend Scheme").

[See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Yvonne Choo
Company Secretary

Singapore, January 5, 2012

Explanatory Notes:

(i) An amount of HK$720,000 was paid as Directors' fees in the financial year ended September 28, 2011 and prior years. To address exchange fluctuations, Management had recommended that Directors' fees be fixed in Singapore dollars and had proposed an amount of S$150,000 for the financial year ending September 28, 2012.

(ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro-rata basis.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors to allot and issue new fully-paid shares pursuant to the vesting of the awards under the Scheme (which was approved by Shareholders at the Extraordinary General Meeting held on 30 April 2007), provided that the aggregate number of shares to be issued pursuant to (a) the Scheme shall not exceed ten percent (10%) of the total number of issued shares in the capital of the Company as at the date of approval of the Scheme by the Shareholders and (b) the Scheme and any other share scheme which the Company may have in place, shall not exceed fifteen percent (15%) of the total number of issued shares in the capital of the Company from time to time.

(iv) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors to allot and issue new fully-paid shares pursuant to the Scrip Dividend Scheme, which was adopted by the Company in November 2009, to Shareholders who, in respect of a qualifying dividend, have elected to receive their dividends in the form of shares in lieu of the cash amount of that qualifying dividend.

Notes:

1. A Shareholder is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Depositor wishes to appoint a proxy/proxies to attend the Annual General Meeting (the "Meeting"), then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.

3. If the Depositor is a corporation, then the Depositor Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney and must be deposited at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.

CHINA FISHERY GROUP LIMITED
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