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**PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED**

**太平洋恩利國際控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1174)**

**OVERSEAS REGULATORY ANNOUNCEMENT**

**ANNOUNCEMENT IN RELATION TO THE UNAUDITED RESULTS  
FOR THE SECOND QUARTER AND  
FIRST HALF YEAR ENDED 28 MARCH 2010  
OF CHINA FISHERY GROUP LIMITED**

The Board of Directors of Pacific Andes International Holdings Limited (the “Company”) announces the unaudited consolidated results of China Fishery Group Limited (“China Fishery”), the Company’s 42% owned subsidiary, the shares which are listed on the Singapore Exchange Securities Trading Limited, and its subsidiaries (the “China Fishery Group”) for the second quarter and first half year ended 28 March 2010.

This announcement is a reproduction of the announcement made by China Fishery pursuant to the Listing Manual of Singapore Exchange Securities Trading Limited on 12 May 2010. Hereinbelow is the unaudited results of China Fishery and China Fishery Group for the second quarter and first half year ended 28 March 2010 issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**DIRECTORS**

As at the date of this announcement, the executive directors of the Company are Madam Teh Hong Eng, Mr. Ng Joo Siang, Mr. Ng Joo Kwee, Mr. Ng Joo Puay, Frank and Ms. Ng Puay Yee whilst the independent non-executive directors of the Company are Mr. Lew V. Robert, Mr. Kwok Lam Kwong, Larry and Mr. Tao Kwok Lau, Clement.

12 May 2010

**Below is the content of the announcement of China Fishery released in Singapore on 12 May 2010.**

**Note: The expressions “Company” and “Group” mean China Fishery Group Limited and China Fishery Group Limited and its subsidiaries respectively.**

## **CHINA FISHERY GROUP LIMITED**

### **SECOND QUARTER AND FIRST HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 28 MARCH 2010**

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

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

**The reporting currency of the Group is in US Dollars.**

#### **Group Income Statement for the Second Quarter and First Half Year ended 28 March 2010**

	Second quarter ended		Increase/ (Decrease) %	Group First half year ended		Increase/ (Decrease) %
	29.12.2009 – 28.03.2010	01.01.2009 – 31.03.2009		29.09.2009 – 28.03.2010	01.10.2008 – 31.03.2009	
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	174,106	166,647	4.5	275,527	271,402	1.5
Cost of sales	(13,322)	(16,465)	(19.1)	(19,374)	(21,795)	(11.1)
Charter hire expenses	(27,775)	(25,754)	7.8	(46,572)	(44,667)	4.3
Vessel operating costs	(61,746)	(63,489)	(2.7)	(104,486)	(118,417)	(11.8)
Gross profit	71,263	60,939	16.9	105,095	86,523	21.5
Other operating income	1,219	1,433	(14.9)	1,461	1,654	(11.7)
Selling expenses	(10,760)	(9,870)	9.0	(18,057)	(13,080)	38.1
Administrative expenses	(4,061)	(3,158)	28.6	(7,699)	(5,935)	29.7
Other operating expenses	(1,253)	–	NM	(1,253)	–	NM
Finance costs	(7,690)	(7,190)	7.0	(14,826)	(16,526)	(10.3)
Profit before tax	48,718	42,154	15.6	64,721	52,636	23.0
Income tax (expense) benefit	(1,814)	1,571	(215.5)	442	7,325	(94.0)
Profit for the period	<u>46,904</u>	<u>43,725</u>	7.3	<u>65,163</u>	<u>59,961</u>	8.7

Consolidated statement of comprehensive income:

	Second quarter ended		Increase/ (Decrease) %	Group First half year ended		Increase/ (Decrease) %
	29.12.2009 – 28.03.2010 US\$'000	01.01.2009 – 31.03.2009 US\$'000		29.09.2009 – 28.03.2010 US\$'000	01.10.2008 – 31.03.2009 US\$'000	
Profit for the period	46,904	43,725	7.3	65,163	59,961	8.7
Gain (loss) on revaluation of properties	<u>817</u>	<u>(754)</u>	208.4	<u>817</u>	<u>(754)</u>	208.4
Total comprehensive income for the period	<u>47,721</u>	<u>42,971</u>	11.1	<u>65,980</u>	<u>59,207</u>	11.4
Other operating income including						
interest income	1,219	1,433	(14.9)	1,461	1,843	(20.7)
Interest on borrowings	(7,370)	(6,870)	7.3	(14,186)	(15,286)	(10.7)
Amortisation of senior notes issuing expenses	(320)	(320)	–	(640)	(640)	–
Amortisation of deferred charter hire	(5,533)	(5,533)	–	(11,067)	(11,067)	–
Depreciation expense	(3,982)	(3,624)	9.9	(9,819)	(6,913)	42.0
Fixed charter hire	(6,480)	(6,480)	–	(13,032)	(13,284)	(1.9)
(Loss) gain on disposal of property, plant and equipment	(25)	104	(124.0)	(25)	99	(125.3)
Foreign exchange (loss) gain	<u>(564)</u>	<u>1,093</u>	(151.6)	<u>(841)</u>	<u>510</u>	(264.9)

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

	<b>Group</b>		<b>Company</b>	
	<b>28.03.2010</b>	<b>28.09.2009</b>	<b>28.03.2010</b>	<b>28.09.2009</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>ASSETS</b>				
Current assets:				
Cash and bank balances	24,881	22,933	209	34
Trade receivables	78,205	31,746	–	–
Other receivables and prepayments	60,765	45,346	337	–
Prepaid income tax	3,087	5,902	–	–
Deferred expenses ( <i>Note 1</i> )	34,771	32,716	–	–
Inventories	12,165	7,816	–	–
Current portion of deferred charter hire ( <i>Note 1</i> )	<u>22,133</u>	<u>22,133</u>	<u>–</u>	<u>–</u>
Total current assets	<u>236,007</u>	<u>168,592</u>	<u>546</u>	<u>34</u>
Non-current assets:				
Deferred charter hire ( <i>Note 1</i> )	169,056	180,123	–	–
Property, plant and equipment	414,509	349,947	–	–
Investment properties	2,731	2,423	–	–
Goodwill	64,102	64,102	–	–
Other intangible assets	74,189	74,189	–	–
Associate	1,500	1,500	–	–
Subsidiaries	<u>–</u>	<u>–</u>	<u>185,521</u>	<u>186,840</u>
Total non-current assets	<u>726,087</u>	<u>672,284</u>	<u>185,521</u>	<u>186,840</u>
Total assets	<u><b>962,094</b></u>	<u><b>840,876</b></u>	<u><b>186,067</b></u>	<u><b>186,874</b></u>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Trade payables	21,768	6,851	–	–
Other payables and accrued expenses	29,221	18,998	346	162
Income tax payable	663	432	–	–
Financial guarantee contract	–	–	525	525
Current portion of finance leases	5,668	4,807	–	–
Bank overdrafts and current portion of bank loans	<u>137,311</u>	<u>93,705</u>	<u>–</u>	<u>–</u>
Total current liabilities	<u>194,631</u>	<u>124,793</u>	<u>871</u>	<u>687</u>

	<b>Group</b>		<b>Company</b>	
	<b>28.03.2010</b>	<b>28.09.2009</b>	<b>28.03.2010</b>	<b>28.09.2009</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Non-current liabilities:</b>				
Financial guarantee contract	–	–	1,444	1,706
Finance leases	11,975	10,423	–	–
Bank loans	31,935	43,210	–	–
Senior notes	220,202	219,562	–	–
Deferred tax liabilities	25,597	29,011	–	–
	<u>289,709</u>	<u>302,206</u>	<u>1,444</u>	<u>1,706</u>
<b>Capital and reserves:</b>				
Share capital	44,445	43,014	44,445	43,014
Reserves	433,309	370,863	139,307	141,467
	<u>477,754</u>	<u>413,877</u>	<u>183,752</u>	<u>184,481</u>
Total equity	<u>477,754</u>	<u>413,877</u>	<u>183,752</u>	<u>184,481</u>
Total liabilities and equity	<u>962,094</u>	<u>840,876</u>	<u>186,067</u>	<u>186,874</u>

*Notes:*

- Deferred expenses and deferred charter hire comprises:

**Deferred expenses**

	<b>28.03.2010</b>	<b>28.09.2009</b>
	<i>US\$'000</i>	<i>US\$'000</i>
1st VOA	5,345	8,828
2nd VOA	4,033	8,690
3rd VOA	1,134	4,321
4th VOA	9,906	10,877
South Pacific Ocean operations	14,353	–
	<u>34,771</u>	<u>32,716</u>

**Deferred charter hire**

	<b>28.03.2010</b>	<b>28.09.2009</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Current portion</i>		
1st VOA	5,600	5,600
2nd VOA	8,200	8,200
3rd VOA	8,333	8,333
	<u>22,133</u>	<u>22,133</u>
<i>Non-current portion</i>		
1st VOA	15,431	18,231
2nd VOA	38,995	43,095
3rd VOA	114,630	118,797
	<u>169,056</u>	<u>180,123</u>

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 28.03.2010</b>		<b>As at 28.09.2009</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<u>34,753</u>	<u>108,226</u>	<u>15,037</u>	<u>83,475</u>

**Amount repayable after one year**

<b>As at 28.03.2010</b>		<b>As at 28.09.2009</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<u>29,475</u>	<u>234,637</u>	<u>35,423</u>	<u>237,772</u>

**Details of any collateral**

Certain of the Group's office premises, fishmeal processing plants, fishing vessels and vehicles in Peru are held under finance leases with net carrying values of approximately US\$29.7 million (28.09.2009: US\$45.7 million). The inventory loans are pledged by its fishmeal inventories in Peru with net carrying values of approximately US\$5.9 million (28.09.2009: US\$3.6 million). A fishing vessel with net carrying value of approximately US\$125.3 million (28.09.2009: US\$86.6 million), shares of a subsidiary (28.09.2009: shares of a subsidiary) and a deposit of approximately US\$5.7 million (28.09.2009: US\$5.7 million) were pledged as securities for a term loan.

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

	Group			
	Second quarter ended		First half year ended	
	29.12.2009 – 28.03.2010 US\$'000	01.01.2009 – 31.03.2009 US\$'000	29.09.2009 – 28.03.2010 US\$'000	01.10.2008 – 31.03.2009 US\$'000
<b>Operating activities</b>				
Profit before income tax	48,718	42,154	64,721	52,636
Adjustments for:				
Allowance for doubtful trade receivables	–	(1,679)	–	229
Amortisation of deferred charter hire	5,533	5,533	11,067	11,067
Amortisation of senior notes issuing expenses	320	320	640	640
Depreciation expense	3,982	3,624	9,819	6,913
Gain on revaluation of investment properties	(308)	–	(308)	–
Loss (gain) on disposal of property, plant and equipment	25	(104)	25	(99)
Interest expense	8,010	6,870	14,826	15,886
Interest income	(126)	(1)	(171)	(5)
Provision for claims	25	25	24	175
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Operating cash flows before movements in working capital	66,179	56,742	100,643	87,442
Trade receivables	(40,391)	(49,086)	(46,459)	(36,184)
Other receivables and prepayments	(13,795)	(12,329)	(15,419)	(1,823)
Deferred expenses	4,587	5,888	(2,055)	8,701
Inventories	21,107	17,594	(4,349)	12,029
Trade payables	16,273	378	14,917	(16,811)
Other payables and accrued expenses	11,806	1,118	10,853	(13,685)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash generated from operations	65,766	20,305	58,131	39,669
Interest paid	(2,854)	(320)	(15,294)	(18,116)
Income tax paid	(1,828)	(1,820)	(112)	(7,024)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash from operating activities	<u>61,084</u>	<u>18,165</u>	<u>42,725</u>	<u>14,529</u>

	<b>Group</b>			
	<b>Second quarter ended</b>		<b>First half year ended</b>	
	<b>29.12.2009 –</b>	<b>01.01.2009 –</b>	<b>29.09.2009 –</b>	<b>01.10.2008 –</b>
	<b>28.03.2010</b>	<b>31.03.2009</b>	<b>28.03.2010</b>	<b>31.03.2009</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(39,362)	(46,097)	(73,610)	(50,441)
Proceeds from disposal of property, plant and equipment	21	200	21	207
Interest received	126	1	171	5
<b>Net cash used in investing activities</b>	<u>(39,215)</u>	<u>(45,896)</u>	<u>(73,418)</u>	<u>(50,229)</u>
<b>Financing activities</b>				
Dividend paid	(2,103)	–	(2,103)	–
Additions of bank loans	22,585	95,038	90,027	149,295
Repayment of bank loans	(38,035)	(50,281)	(57,696)	(115,924)
Obligation under finance leases	(1,276)	(994)	2,413	(3,047)
Increase in pledged deposits	(16)	–	(21)	–
<b>Net cash (used in) from financing activities</b>	<u>(18,845)</u>	<u>43,763</u>	<u>32,620</u>	<u>30,324</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	3,024	16,032	1,927	(5,376)
<b>Cash and cash equivalents at beginning of the period</b>	<u>16,157</u>	<u>7,621</u>	<u>17,254</u>	<u>29,029</u>
<b>Cash and cash equivalents at end of the period</b>	<u>19,181</u>	<u>23,653</u>	<u>19,181</u>	<u>23,653</u>
Being:				
Cash at bank	18,925	23,304	18,925	23,304
Cash on hand	256	349	256	349
	<u>19,181</u>	<u>23,653</u>	<u>19,181</u>	<u>23,653</u>

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

	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Revaluation reserve <i>US\$'000</i>	Merger reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>
Group						
Balance at October 1, 2008	39,104	105,235	2,738	(30,503)	202,962	319,536
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>16,236</u>	<u>16,236</u>
Balance at December 31, 2008	39,104	105,235	2,738	(30,503)	219,198	335,772
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>(754)</u>	<u>–</u>	<u>43,725</u>	<u>42,971</u>
Balance at March 31, 2009	39,104	105,235	1,984	(30,503)	262,923	378,743
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>736</u>	<u>–</u>	<u>34,398</u>	<u>35,134</u>
Bonus issue of shares	<u>3,910</u>	<u>(3,910)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Balance at September 28, 2009	43,014	101,325	2,720	(30,503)	297,321	413,877
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>18,259</u>	<u>18,259</u>
Balance at December 28, 2009	43,014	101,325	2,720	(30,503)	315,580	432,136
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>817</u>	<u>–</u>	<u>46,904</u>	<u>47,721</u>
Final dividend of 4.2 Singapore cents per ordinary share in respect of FY2009	<u>1,431</u>	<u>22,358</u>	<u>–</u>	<u>–</u>	<u>(25,892)</u>	<u>(2,103)</u>
Balance at March 28, 2010	<u><u>44,445</u></u>	<u><u>123,683</u></u>	<u><u>3,537</u></u>	<u><u>(30,503)</u></u>	<u><u>336,592</u></u>	<u><u>477,754</u></u>

	Share capital US\$'000	Share premium US\$'000	Revaluation reserve US\$'000	Merger reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Company						
Balance at October 1, 2008	39,104	105,235	-	-	6,302	150,641
Total comprehensive income for the period	-	-	-	-	1,360	1,360
Balance at December 31, 2008	39,104	105,235	-	-	7,662	152,001
Total comprehensive income for the period	-	-	-	-	393	393
Balance at March 31, 2009	39,104	105,235	-	-	8,055	152,394
Total comprehensive income for the period	-	-	-	-	32,087	32,087
Bonus issue of shares	3,910	(3,910)	-	-	-	-
Balance at September 28, 2009	43,014	101,325	-	-	40,142	184,481
Total comprehensive income for the period	-	-	-	-	911	911
Balance at December 28, 2009	43,014	101,325	-	-	41,053	185,392
Total comprehensive income for the period	-	-	-	-	463	463
Final dividend of 4.2 Singapore cents per ordinary share in respect of FY2009	1,431	22,358	-	-	(25,892)	(2,103)
Balance at March 28, 2010	44,445	123,683	-	-	15,624	183,752

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

The Company issued 28,619,588 new ordinary shares of US\$0.05 each at an issue price of S\$1.16 per share by way of scrip dividend during 2QFY2010 (2QFY2009: Nil).

As at 28.03.2010, share awards to subscribe 1,180,776 ordinary shares remained unvested (31.03.2009: 1,208,087).

The Company did not make any purchases of its shares during the second quarter ended 28.03.2010 (31.03.2009: Nil).

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

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

The total number of issued shares excluding treasury shares as at the end of the current financial period: 888,907,585 shares (28.09.09: 860,287,997 shares).

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

Not applicable.

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

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

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

Not applicable.

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

The accounting policies and method of computation adopted are consistent with those applied in the audited financial statements for the period ended 28.09.2009.

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

None.

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

	Group Second quarter ended		Group First half year ended	
	29.12.2009 – 28.03.2010	01.01.2009 – 31.03.2009	29.09.2009 – 28.03.2010	01.10.2008 – 31.03.2009
Earnings per ordinary share				
(i) Based on weighted average number of ordinary shares in issue; and	US 5.43 cents	US 5.08 cents	US 7.56 cents	US 6.97 cents
The calculation of the basic earnings per share is based on the following data:				
Earnings	US\$46,904,000	US\$43,725,000	US\$65,163,000	US\$59,961,000
Weighted average number of ordinary shares used in calculation of the basic earnings per share	863,149,956	860,287,997	861,711,070	860,287,997
(ii) On a fully diluted basis	US 5.43 cents	US 5.08 cents	US 7.55 cents	US 6.97 cents
The calculation of the diluted earnings per share is based on the following data:				
Earnings	US\$46,904,000	US\$43,725,000	US\$65,163,000	US\$59,961,000
Weighted average number of ordinary shares used in calculation of the diluted earnings per share	864,334,407	860,601,422	862,902,763	860,601,422

*Note:* The weighted average number of ordinary shares used in calculation of basic earnings per share in the second quarter and first half year ended 31.03.2009 has been adjusted by incorporating the effect of bonus issue of shares in May 2009.

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

	Group		Company	
	28.03.2010	28.09.2009	28.03.2010	28.09.2009
Net asset value per ordinary share based on existing issued share capital as at the end of period reported on	US\$0.54	US\$0.48	US\$0.21	US\$0.21

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

### **Income Statement**

*2QFY2010 (3 months ended 28 March 2010) vs 2QFY2009 (3 months ended 31 March 2009)*

Group revenue increased by 4.5% from US\$166.6 million to US\$174.1 million. Trawling and fishmeal processing accounted for 80.5% and 19.5% of total revenue respectively.

Sales generated from trawling operations increased by 3.8% from US\$135.0 million to US\$140.1 million. The increase in total allowable catch for the Group's major harvested species in 2010 led to higher catch volume in the North Pacific Ocean. However, the selling price of fish roe, a premium fish product targeted mainly to Japanese and Korean markets, dropped during the period under review.

Although January to March is not a major fishing season in Peru, sales generated from fishmeal inventory increased by 7.3% from US\$31.6 million to US\$34.0 million. This was attributable to the increase in the selling price of fishmeal.

As a result of increasing global demand for fishmeal, average selling price of the Group's fishmeal products increased by 38.9% from US\$900 per metric tonnes (MT) in year 2009 to US\$1,250 per MT in March 2010. However, the price increase was partially offset by a reduction in sales volume due to lower inventory carried forward from last quarter.

The South Pacific operations did not contribute any revenue for the quarter as the major fishing season in the South Pacific spans from April to October.

Geographically, sales to the People's Republic of China ("PRC"), Japan & Korea, Europe, and South East Asia, West Africa and other markets accounted for 65.5%, 15.9%, 15.8% and 2.8% respectively.

Gross profit increased by 16.9% from US\$60.9 million to US\$71.3 million. The increase in gross profit margin from 36.6% to 40.9% was primarily due to greater economies of scale and higher operating efficiencies in the North Pacific trawling operations and higher selling price of fishmeal products.

Selling expenses rose in line with higher sales volume from trawling operations. Other operating expenses of US\$1.3 million were primarily attributable to impairment loss on closure of two fishmeal plants. With the implementation of the Individual Transferable Quota (ITQ) system in Peru, this closure was made possible to improve overall plant utilisation.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 12.7% from US\$58.5 million to US\$65.9 million.

Finance costs increased by 7.0% from US\$7.2 million to US\$7.7 million, due to an increase in bank borrowings for the South Pacific trawling operations.

Net profit increased by 7.3% from US\$43.7 million to US\$46.9 million and net profit margin improved from 26.2% to 26.9%.

*1HFY2010 (6 months ended 28 March 2010) vs 1HFY2009 (6 months ended 31 March 2009)*

Group revenue increased by 1.5% from US\$271.4 million to US\$275.5 million. Trawling and fishmeal processing accounted for 83.5% and 16.5% of total revenue respectively.

Sales generated from trawling operations increased by 9.8% from US\$209.6 million to US\$230.2 million. This was mainly attributable to higher catch volume from the North Pacific trawling operations arising from planned un-utilised fishing quota and higher total allowable catch.

Sales generated from fishmeal operations fell by 26.7% from US\$61.8 million to US\$45.3 million, despite higher fishmeal selling price. The reduction was mainly due to lower sales volume from lower inventory carried forward.

Geographically, the PRC remained the Group's major significant market, accounting for 74.8% of total revenue. Japan and Korea, Europe, and South East Asia and other countries accounted for 11.3%, 10.9% and 3.0% respectively.

Gross profit increased by 21.5% from US\$86.5 million to US\$105.1 million. The increase in gross profit margin from 31.9% to 38.1% was primarily attributable to greater economies of scale and higher operating efficiencies in the North Pacific trawling operations and higher fishmeal selling price.

Selling and other operating expenses for 1HFY2010 were in line with that of 2QFY2010 as reported in the aforesaid paragraph.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) increased by 15.3% from US\$87.1 million to US\$100.4 million.

Despite the increase in bank borrowings for South Pacific trawling operations in 2QFY2010, a reduction in inventory loans in the fishmeal operations and lower interest rate reduced total finance costs in 1HFY2010 by 10.3% from US\$16.5 million to US\$14.8 million.

Net profit increased by 8.7% from US\$60.0 million to US\$65.2 million and net profit margin improved from 22.1% to 23.7%.

### **Statement of financial position**

*28 March 2010 vs 31 March 2009*

Total assets increased by 14.4%, or US\$121.2 million from US\$840.9 million to US\$962.1 million.

Current assets increased by 40.0% from US\$168.6 million to US\$236.0 million. Trade receivables increased by 146.4% from US\$31.7 million to US\$78.2 million. The increase in trade receivables is a consequence of a delay of product shipment towards the end of 2QFY2010. The delay was due to the closure of ports in northern PRC in early 2010 when the region was hit by its worst winter weather in decades.

Non-current assets increased by 8.0% from US\$672.3 million to US\$726.1 million due mainly to the increase in property, plant and equipment related to payment of the balance of outstanding costs linked with refurbishment of the Group’s factory vessel and catcher vessels.

Total liabilities increased by US\$57.3 million from US\$427.0 million to US\$484.3 million. The increase was mainly due to draw down of bank borrowings to support the South Pacific trawling operations.

Total equity increased by 15.4% from US\$413.9 million to US\$477.8 million. The Group’s net debt to equity ratio improved from 84.3% to 80.0% despite increase in bank borrowings.

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

The 2QFY2010 results announcement is in line with the prospect statement disclosed to shareholders in the 1QFY2010 results announcement.

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

**Outlook**

The outlook for fishing industry is expected to remain positive, in line with the increase in global demand for fish and fish products.

The Group's South Pacific fleet has commenced operations. As the major fishing season for Jack Mackerel, the main harvest species in the South Pacific, spans from April to October, the Group anticipates that the second half of the financial year should show significant revenue contributions from South Pacific trawling operations. In addition, with a higher expected catch volume in the North Pacific, the Group expects to see continued improvements in the operating efficiencies in trawling operations in this region.

Although the first fishing season in Peru will start in mid May, the Group has already contracted to sell its fishmeal at a record high average price of US\$1,640 per MT as compared to US\$900 per MT in last year. This significantly higher fishmeal price is expected to have a positive impact on the Group's revenue and profitability in the second half of the current financial year.

To further benefit from higher fishmeal price, the Group acquired a Peruvian fishing company on 6th May 2010 with approximately 0.23% of available quota in the North of Peru and 0.76% of quota in the South of Peru, thereby increasing its countrywide quota from 4.85% and 7.11% in the North and South of Peru to 5.08% and 7.87% respectively. The larger quota share in Peru will enhance the Group's ability to benefit from this positive market trend.

Looking ahead, the Group will continue to explore and seize acquisition opportunities. Pursuing this strategy will enable the Group to become a leading consolidator in the global fishing industry and a major supplier of fish products, especially to the expanding PRC consumer market. To support future growth and development, the Group intends to increase its equity base to further strengthen its balance sheet.

Barring unforeseen circumstances, Management expects the Group to remain profitable.

## 11. Dividend

(a) *Current Financial Period Reported On*

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

(b) *Corresponding Period of the Immediately Preceding Financial Year*

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

(c) *Date payable*

Not applicable.

(d) *Books closure date*

Not applicable.

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

No dividend has been declared for the second quarter ended 28 March 2010.

## 13. Interested Person Transactions:

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)	
	29.12.2009 – 28.03.2010 US\$'000	01.01.2009 – 31.03.2009 US\$'000	29.12.2009 – 28.03.2010 US\$'000	01.01.2009 – 31.03.2009 US\$'000
<b>Pacific Andes Resources Development Limited and its subsidiaries:</b>				
Sales of catches	–	–	–	–
Sales of fishmeal products	–	–	–	–
Purchase of bunker and other vessel supplies	–	–	–	–

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

On behalf of the Board, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of China Fishery Group Limited, which may render the financial statements in respect of the 2QFY2010 to be false or misleading in any material aspect.

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

**Ng Joo Siang**  
*Executive Director*

**Chan Tak Hei**  
*Finance Director*

**BY ORDER OF THE BOARD**

**Yvonne Choo**  
*Company Secretary*  
May 12, 2010