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Haikui Seafood AG

MAKING
OUR MARK

2013 ANNUAL REPORT

VISION

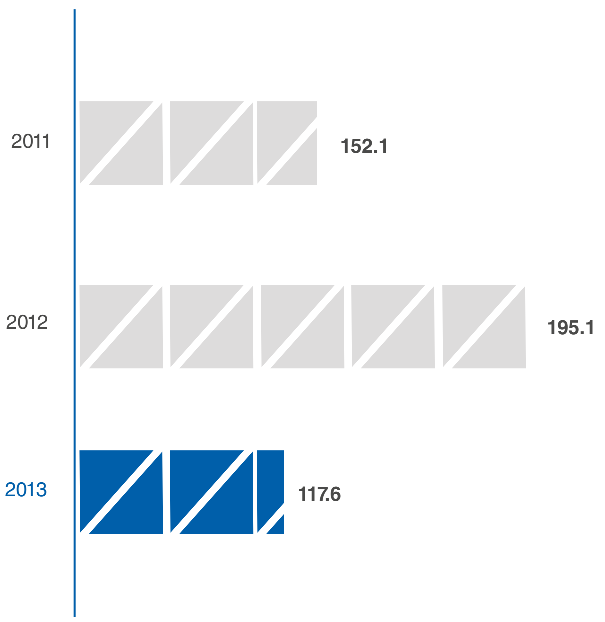
We aim at being an integrated seafood supplier, delivering value and quality products to meet the seafood consumption boom in China and all over the world.

KEY FINANCIALS

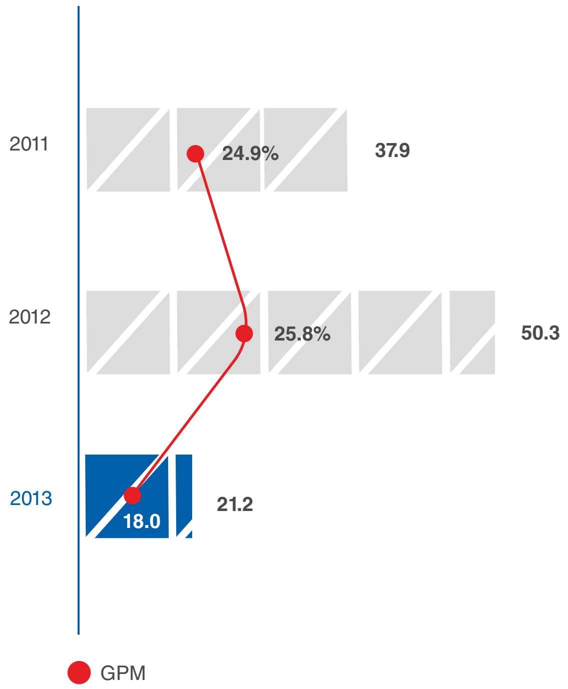
		2013	2012	Change in %
Revenue	EUR million	117.6	195.1	(39.7)
Gross profit	EUR million	21.2	50.3	(57.8)
Gross margin	%	18.0	25.8	(7.8) pp
EBIT	EUR million	15.9	44.0	(63.8)
Adjusted EBIT [1]	EUR million	15.9	44.1	(63.8)
Adjusted EBIT margin [1]	%	13.6	22.6	(9.0) pp
Net profit	EUR million	10.2	32.2	(68.2)
Adjusted profit for the year [1]	EUR million	10.2	32.3	(68.3)
Adjusted profit for the year margin [1]	%	8.7	16.5	(7.8) pp
Earnings per share [2]	EUR	1.0	3.2	(68.4)
Adjusted earnings per share [1] [2]	EUR	1.0	3.2	(68.5)

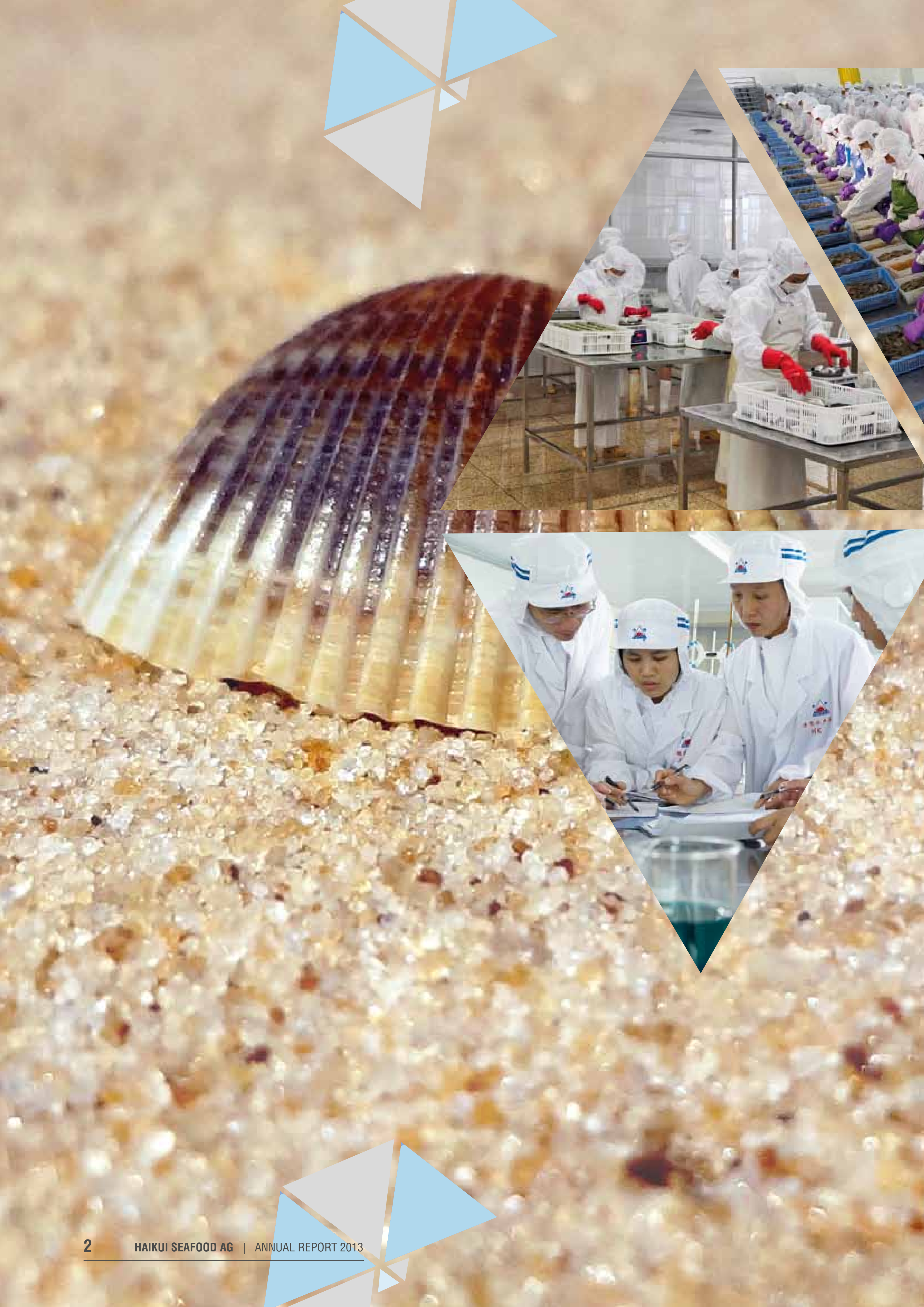
[1] Adjusted for non-recurring IPO expenses.
[2] Earnings per share 2012 it is based on the weighted average of shares (10.17 million shares), for 2013 it is based on 10.276 million shares.

REVENUE
(in EUR million)



GROSS PROFIT
(in EUR million)





REFINING
OUR RESILIENCE

A strong focus on research and development allows us to differentiate ourselves and unlock greater value. For the year under review, we focused on extracting compounds such as protein from the by-products while also exploring the production of seasonings and sauces such as abalone sauce, crab seasonings and prawn seasonings that we aim to commercialise in 2016.

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CORPORATE **PROFILE**

Haikui is an established international seafood company. We operate a streamlined supply chain including own processing plants in China, an in-house product R&D department as well as warehousing facilities, while at the same time closely co-operating with raw seafood suppliers upstream. Haikui generates more than 80 per cent of its sales outside of China. We deliver white label products to customers abroad and serve the Chinese domestic market mainly under our own brand Haikui. The company was founded in 1993 under the name Fujian Dongshan Haikui Aquatic Products Co., Ltd.

Haikui sells seafood that has undergone primary processing, such as cleaning, cutting and peeling, as well as seafood that has undergone further processing, such as cooking, grilling, seasoning, drying and/or coating. Our product portfolio consists of more than 100 different products of frozen and canned seafood. These products are made from a broad range of fresh seafood, including prawn and crab as well as from various types of fish, shellfish and cephalopod.

Haikui has more than 80 suppliers of raw seafood, including both aquaculture farms and operators of fishing vessels. Haikui has entered into supply framework agreements with more than 70 of them. These framework agreements provide us with a strong sourcing base, giving us priority rights regarding the purchase of the raw seafood and the ability to purchase at a discount to prevailing market prices.

Our processing facilities are located in Dongshan Island, Zhangzhou, Fujian Province, PRC and currently have an aggregate annual output processing capacity of more than 34,000 tonnes.

Haikui's customers are distributors, including large processing companies, based in the PRC and overseas, whereby most of the overseas customers are based in Asia, Europe and the United States.

LETTER TO SHAREHOLDERS

" To position Haikui for future growth, we intend to construct a new production facility in Dongshan Island which will double our existing production capacity within the next three years. "

Mr. Zhenkui CHEN
CEO of Haikui Seafood AG

DEAR FELLOW SHAREHOLDERS,

2013 was a very challenging year for the seafood processing sector. The difficult market conditions resulted in significantly weaker business results of Haikui Group and of all its industry peers. Essentially, raw material and labour costs have risen as market competition has intensified. A general shortage in the supply of certain marine species such as prawns, which were affected by the Early Mortality Syndrome, and crabs due to poorer harvest from capture fishing, exacerbated the situation and drove up raw material costs further in 2013. However, the increase in production costs could not be fully passed on to the market due to the competitive forces at work, resulting in profit margin compression for the seafood industry. Chinese seafood exporters like us faced another hurdle following the decision of China Inspection & Quarantine Authorities (“CIQ”) to step up inspection of the end product quality during the second quarter of the year.

Whilst we expected the growth momentum to taper off in 2013 due to a more competitive landscape as mentioned in our Annual Report 2012, we witnessed our competitors lowering their selling prices very aggressively during the year to win market share and to increase utilisation of their enlarged and surplus facilities, and/or generate cash due to credit tightening in China. This intensifying level of competition necessitated a reduction also in our selling prices, particularly for frozen fish and canned seafood products, to compete more effectively and to retain our customers.

In addidion to that, since Q2 2013 CIQ has conducted more stringent quality control checks on all seafood exporters, an action that negatively affected our performance during the whole year. The longer inspection time taken by CIQ affected our operations negatively by delaying our export shipments and recognition of sales, causing our overall sales volume to decline.

One important characteristic that is unique to the seafood industry is the lack of long-term visibility in the supply and prices of raw materials. Supply of raw seafood is dependent on the types, size and quantities of catches from the sea. In the case of aquaculture farming, supply is dependent on, inter alia, the conditions of the ambient environment during the cultivation process. Thus, the supply of raw seafood cannot be reliably determined unlike other industries that use raw materials made in a controlled environment. Another industry characteristic is the procurement of raw seafood at the prevailing market prices. With greater competition amidst a tighter pool of raw material supply in 2013, raw seafood costs have continued its upward trend. This, coupled with the fact that direct materials alone account for more than 90% of our production costs, means that our results are greatly influenced by the raw material situation, on which we only have very limited influence or control.

Operationally, we experienced a strong first quarter, a weaker second quarter stemming from CIQ’s actions and the tight raw material situation, followed by an unusually weak second half of the year as competition intensified and supply of raw materials, in particular of prawns and crabs, remained acute despite the end of fishing restrictions. Due to the confluence of events described aforesaid, we had to revise our guidance downwards in July and December 2013.

These less-than-ideal and unprecedented conditions for the seafood industry and the weak macro-economic environment in 2013 caused our overall average selling price and total sales volume to decline compared to 2012. Tied to the shortage in supply of prawns and crabs, we sold fewer quantities of these higher priced and higher margin products in 2013 compared to the preceding year, which negatively impacted both our overall average selling price and overall sales volume.

Even though our 2013 financial results paled in comparison with the preceding year, we could meet our latest guidance. Group revenue decreased by 39.7% to EUR 117.6 million. Measured in RMB terms, the revenue decline amounted to 38.9%, well within the communicated 35% to 45% range. At 13.6%, the EBIT margin even exceeded the guidance of 11% to 13%.

In 2013, the Company generated operating cash flows of EUR 17.8 million and recorded a net cash inflow of EUR 1.3 million despite cash outflows from investing activities of EUR 9.5 million largely attributed to the acquisition of land use rights in China. At the end of the year, the Company's cash balance was EUR 49.8 million (December 31, 2012: EUR 48.9 million) and equity ratio increased further to 97.4% (December 31, 2012: 94.3%). Hence, in spite of the challenging circumstances, the Company's financial situation remains strong and its business model resilient given its comparatively superior results vis-à-vis other Chinese seafood processors.

Moving forward, we intend to continue to implement our growth strategy through geographical and product expansion. Accordingly, we will focus on profitable growth in the international markets even as resources are deployed towards penetrating the Chinese market. Subject to the availability of raw materials and whenever possible, we will also endeavour to produce and sell larger quantities of higher value higher margin products.

To improve the Company's operational performance, we will implement our plan to build a new seafood processing factory in Dongshan. I cannot emphasise enough the importance of the new factory to the Company's mid- to long-term strategy. This investment is vital because the new factory – equipped with modern machinery – will raise productivity and efficiency. These are key to improving the Company's competitiveness and profit margins since greater competition may curtail any attempt to increase selling prices to cover rising production costs. Further, by venturing into the business of extracting compounds from marine processing by-products, the Company is able to move up the value chain and further differentiate itself from the rest of the field, in addition to expanding its product offerings and boosting its overall profitability.

The basic foundation for our new factory project was established when we were awarded the land use rights for a plot of land in the Dongshan Marine Biotechnology Industrial Park by the Chinese authorities in December 2013. After having completed the detailed planning and the groundwork for the new processing facility within the second quarter, construction start is planned for the third quarter of 2014. Completion will take about 1.5 years with contributions from the new facility foreseen for 2016.

The estimated total investment amount for the new factory is approximately RMB 550.0 million (approximately EUR 65.3 million) which we intend to fund by internal and external financing sources. In December 2013, we secured a long-term loan from the German development finance institution DEG (Deutsche Investitions- und Entwicklungsgesellschaft), a subsidiary of KfW (Kreditanstalt für Wiederaufbau), amounting to USD 25.0 million to finance the construction of the new factory.

I am particularly delighted that we managed to obtain this facility from a reputable organisation in a year full of challenges and at attractive terms. Moreover, the Company had to go through an extensive due diligence on the economic, environmental and social aspects of its operations before it was granted. These indicate the trust and confidence that DEG placed in the Company and its Management Board to create and deliver value to the stakeholders. In the final analysis, this facility helped to align the Company's financing structure with its asset structure as we have primarily relied on equity financing in the development thus far.

Since the funds had not been disbursed by the end of 2013, they did not appear on the Company's year end balance sheet. However, given the strong balance sheet with total equity of EUR 155.4 million as of December 31, 2013, the Company's debt-equity ratio will remain low even after the facility has been fully utilised.

Recovery in the world economies appear to be gathering pace as suggested by recent economic data. The decision by the US Federal Reserve in early 2014 to further slow its bond buying programme gave a clear signal of confidence in the world's largest economy. The recovery of the developed economies and the expectation that they are approaching the beginning of the end of an era pumping unprecedented liquidity has however prompted a flight of foreign capital from emerging markets, putting fragile economies at risk. Hence, the global outlook for 2014 is uncertain – the advanced economies are gradually recovering while the emerging economies are slowing. While the world economic recovery is expected to be fragile and by no means equally spread, the odds are against a sharp slowdown in the global economy.

For the Chinese economy, it is expected to grow at a moderate rate in 2014 after undergoing a profound restructuring and market reforms to rebalance it away from the old export-led investment growth model towards domestic consumption. There is likely to be continued weakness in the manufacturing sectors as China's export competitiveness has weakened due to higher costs and a strong currency. That said, we also see growth potential in the service sectors and in domestic consumption at the same time.

Dear shareholders, unfortunately we do not expect the general operating environment to improve significantly in 2014. Hence, the key challenges that the Company faced in 2013 ranging from prolonged inspection process of CIQ, rising competition for raw materials, labour supply and market share, unfavourable developments in exchange rates and labour costs are expected to persist into 2014 and may potentially even last throughout the whole year.

Nevertheless, I am confident that we can return back to our growth course. Barring unforeseen and material changes to our forecast assumptions, particularly those that are outside the Company's control or influence such as a further deterioration in the tight raw material situation, further lengthening of CIQ inspection time etc, the Management Board expects the full year revenue in RMB terms for 2014 to be at least 5% to 10% above those registered in 2013. However, gross margin is expected to be lower with EBIT margin in the range of 11% to 13% due to the challenging business environment anticipated in 2014.

The Management Board and Supervisory Board do not intend to propose a dividend for FY 2013 to the Annual General Meeting due to the weak operational and financial performance, and uncertain outlook. The available funds will be used to finance the construction costs of the new factory

Finally, I would like to express my gratitude to our shareholders, business partners, employees, customers and everyone who has supported the Company throughout this challenging year and for all their contributions. On behalf of the management team, I would like to emphasise our commitment to the Company and that we are always doing everything we can to create shareholder value over time.

Sincerely yours,

Mr. Zhenkui CHEN
CEO of Haikui Seafood AG

MEMBERS OF THE MANAGEMENT BOARD

Zhenkui CHEN
Chief Executive Officer ("CEO")

Mr. Zhenkui CHEN is responsible for the overall management and corporate development of Haikui. He is Vice Chairman of the "All-China Federation of Industry & Commerce – Aquatic Industry", Chairman of the "Zhangzhou Aquatic Processing and Distribution Federation" and Chairman of "Fujian Dongshan Chamber of Commerce". He has received the "National Outstanding Young Entrepreneur" award by the Ministry of Agriculture of the PRC. He graduated from the National University of Defence Technology in 2001 with a Diploma in Law and holds the Senior Economist Certificate from the Fujian Provincial Department of Personnel since 1996. He has over 20 years of experience in the seafood industry.

Zhenping HUANG
Chief Operating Officer ("COO")

Mr. Zhenping HUANG is responsible for corporate administration and operations at Haikui. He started his career at Dongshan County No. 1 Construction Company in 1985 as a Project Manager and joined Haikui in 1997 as Deputy General Manager. He is an Executive Member of the "Dongshan County Chamber of Commerce" and the Vice President of the "Dongshan County Youth-Entrepreneur Association". He holds a Diploma in Industrial and Civil Architecture from the Fujian Institute of Architecture and obtained his Engineer Certificate from the Fujian Provincial Department of Personnel in 1998.

Mr. Alan GEY
Chief Financial Officer ("CFO")

Mr. Alan GEY joined the Group in 2007 and is responsible for accounting, financial reporting, treasury, investor relations as well as corporate and financial compliance functions of the Group. He has over 15 years of accounting, finance, banking and general management experience from working in leading global companies across a wide spectrum of industries including the financial services sector. He holds a Bachelor of Business (Honours) majoring in banking and finance from Nanyang Technological University, Singapore and a Master of Business Administration from University of Melbourne, Australia. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Institute of Singapore Chartered Accountants.

REPORT OF
SUPERVISORY BOARD

The Supervisory Board of Haikui Seafood AG (the "Company") fulfilled its duties with due care as prescribed by law, the articles of association, rules of procedure and the German Corporate Governance Code in the financial year 2013.

All events of importance to the Company were discussed in detail by the full Supervisory Board on the basis of reports and presentations by the Management Board. The Supervisory Board resolved upon matters put to its vote after careful examination and discussion. The Management Board reported to the Supervisory Board, both verbally and in writing, about the business development and the financial situation of the Company. The Supervisory Board was also in contact with the Management Board outside the regularly scheduled Supervisory Board meetings.

Members of the Supervisory Board

The members of Haikui Seafood AG's Supervisory Board are Dr. Klaus VIETEN (Chairman), Dr. Rainer SIMON (Deputy Chairman) and Mr. Hock Eng CHAN. All three members were appointed by the general meeting of shareholders on April 11, 2012 for a three-year term ending after the general meeting of shareholders that approves (entlastet) the Supervisory Board members for the financial year 2014.

No changes occurred in the Supervisory Board or Management Board of the Company in 2013.

Cooperation between Supervisory Board and Management Board

In the financial year 2013, members of the Management Board attended the Supervisory Board meetings during which they intensely discussed the Company's situation, business development, financial situation as well as fundamental questions regarding the corporate strategy. The members of the Supervisory Board prepared for upcoming resolutions subject to approval by means of documents which they had previously been provided with by the Management Board. They discussed with the Management Board the measures and business proceedings to be decided upon. There was an intensive exchange with the Management Board regarding occurrences of special interest between the meetings as well.

Supervisory Board meetings/resolutions in the financial year 2013

The Supervisory Board discussed the business situation and the operational and strategic development of the Company and its areas of business in meetings, both face to face and by way of telephone conferences in 2013. In addition, various resolutions were taken by way of written votes. The Supervisory Board advised and monitored the Management Board. A major focus of the Supervisory Board's work was on strategy formulation and implementation, business planning and performance monitoring, corporate governance, risk management, and auditing.

During the first Supervisory Board meeting, which took place in Frankfurt on March 19, 2013, the Supervisory Board discussed with the Management Board the agenda for the Company's first Annual General Meeting and the "Declaration of Compliance" which was subsequently adopted. The auditors were present to report the results of the audit, answer questions and provide supplementary information to the Supervisory Board. The Management Board reported on the positive business development for 2012, in particular the revenue and cash flows which were above forecast. It also reported that the profit margins for the financial year 2013 would come under pressure based on the increasingly competitive business landscape observed in the first few months of the year.

In a meeting held on April 15, 2013, the Supervisory Board adopted the Company's annual financial statements and the consolidated financial statements, which the auditor provided with an unqualified auditor's opinion. Based on the final outcome of the Supervisory Board's own review of the annual financial statements and the consolidated financial statements, the Supervisory Board agreed to the auditor's results, declared that no objections needed to be raised and approved the Management Board's statements. The Supervisory Board adopted the Company's annual financial statements 2012 and its report to the shareholders during this meeting.

In its meeting held in Xiamen on May 16, 2013, the Supervisory Board reviewed the Company's operating performance in the first quarter of 2013, in particular development of revenue, margins and how they compared with the budget. Financing of the Group's activities and progress with investment projects, specifically those relating to the acquisition of land use rights for the construction of a new plant, were also discussed. At this meeting, the Supervisory Board approved the establishment of three further subsidiaries in China.

In the Supervisory Board's meeting in Frankfurt on 10 July 2013, the focus was on the business and financial developments for the month of May, in particular the decision taken by China Inspection and Quarantine Authorities to step up inspections on the end product quality of all seafood exporters starting in the 2nd quarter of the year. The new factory project in China was also extensively discussed between the Supervisory Board and Management Board in this meeting. Preparations were made for the 2013 Annual General Meeting.

The Supervisory Board travelled to Dongshan for its meeting on August 15, 2013 where the various processing facilities at the current factory and the Dongshan Marine Biotechnology Industrial Park were visited. The Management Board provided a status update on the negotiation to acquire the land use rights from the local authorities for the new factory project. At this meeting, business development and the Management Board's action plan for improving the operational and financial performance were also discussed in great detail. The Risk Management Manual as reviewed by the auditor was also presented to the Supervisory Board.

On November 5, 2013 the Supervisory Board reviewed and approved the broad key terms of a proposed credit facility from DEG (Deutsche Investitions- und Entwicklungsgesellschaft), a subsidiary of KfW (Kreditanstalt für Wiederaufbau), paving the way for the Management Board to proceed with the legal documentation.

In its meeting on November 14, 2013 in Frankfurt, the focus was on the business and financial development as well as the business plan and financial calendar for the financial year 2014. After discussion with the Management Board, the basic business plan and financial calendar were approved. At this meeting, the Supervisory Board also discussed with the Management Board the planned credit facility from DEG, which was eventually secured on December 23, 2013.

On November 24, 2013, the Supervisory Board approved the Management Board's proposal for Fujian Dongshan Haikui Aquatic Products Co., Ltd to acquire the land use rights in Dongshan directly from the Chinese government. The resolution was passed on November 24, 2013 through circulation, and the acquisition agreement was eventually signed by the Management Board on December 26, 2013.

Committees

Since the Supervisory Board comprises only three members, it has not established any committees.

Corporate Governance

No Supervisory Board member participated in less than half of all the meetings or passing of all resolutions of the Supervisory Board in 2013.

The members of the Supervisory Board are obliged to disclose to the entire board any potential conflicts of interest and not to contribute to dealing with and/or taking part in the resolution of topics which could lead to a conflict of interest. The Chairman of the

Company's Supervisory Board, Dr. Klaus VIETEN, as well as the deputy Chairman of the Supervisory Board, Dr. Rainer SIMON, are both independent of the Company or any of its major shareholders. Mr. Hock Eng CHAN is a managing partner of Zana Capital Pte. Ltd., a fund that manages, inter alia, Mega Bond International Limited, a substantial shareholder of the Company, which, according to the Company's current information, holds a shareholding of approximately 32.7 per cent in the Company. Mr. Hock Eng CHAN's position as a representative of an indirect shareholder may on occasions create potential conflicts of interest. Whenever such potential conflicts arise, Mr. Hock Eng CHAN would inform the Supervisory Board and abstain from voting on a resolution in which he has a potential conflict of interest. So far, in the opinion of the Supervisory Board, there has not been an occasion where a potential conflict of interest would have prevented Mr. Hock Eng CHAN to participate in a discussion or resolution of the Supervisory Board. Other than stated above, there were no indications of potential conflicts of interest in the financial year 2013.

Audit of the annual financial statements 2013

The individual financial statements of Haikui Seafood AG were prepared according to the requirements of the German Commercial Code ("Handelsgesetzbuch") and Stock Corporation Act ("Aktiengesetz"). The consolidated financial statements of Haikui Seafood AG together with its subsidiaries ("Haikui Group") were prepared according to the International Financial Reporting Standards ("IFRS") as adopted by the European Union. The combined management report of Haikui Seafood AG was prepared according to the German Commercial Code. Additionally, a subordination report ("Abhängigkeitsbericht") on transactions with Haida Holdings Pte Ltd, Singapore, the controlling company of Haikui Seafood AG, and its affiliated companies has been prepared in accordance with section 312 of the German Stock Corporation Act. According to the subordination report, Haikui Seafood AG received appropriate compensation for each transaction and measure listed in the subordination report during the reporting period ending December 31, 2013.

Haikui Seafood AG's auditor, CROWE HORWATH Deutschland GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, ("CROWE HORWATH") has audited the individual financial statements and the combined management report of the Company and the consolidated financial statements and the combined management report of the Haikui Group.

The conduct of the audit is explained in the auditor's reports. The auditor found that Haikui has complied, as applicable, with the German Commercial Code, the German Stock Corporation Act and/or IFRS as adopted by the European Union, and issued an unqualified opinion on the individual financial statements and the combined management report of the Company and the consolidated financial statements and the combined management report of the Haikui Group. Furthermore, Crowe Horwath has audited the subordination report and issued an unqualified opinion on it.

The individual financial statements and the combined management report of the Company, the consolidated financial statements and the combined management report of the Haikui Group, the subordination report, and the respective audit reports were distributed to all members of the Supervisory Board. The results of the audits were thoroughly discussed and examined in detail at the meetings of the Supervisory Board on March 14, 2014 and April 14, 2014. The auditor was present during the discussions and submitted a report on the key findings of the audit and was available to supply any supplementary information. The Supervisory Board monitored the independence of the auditor before and during the audit.

The Supervisory Board has examined the individual financial statements and the combined management report of the Company, the consolidated financial statements and the combined management report of the Haikui Group, as well as the subordination report. The Supervisory Board found no objections, thus the Supervisory Board concurs with the result of the audits. The Supervisory Board has approved the individual financial statements of the Company and the consolidated financial statements of the Haikui Group prepared by the Management Board. The individual financial statements of the Company and consolidated financial statements of Haikui Group were thus adopted ("festgestellt"). The Supervisory Board is in agreement with the combined management report and, in particular, with the assessment of the future development of the enterprise.

As no retained profits ("Bilanzgewinn") are disclosed in the Company's individual financial statements according to German Commercial Code, no proposal for the distribution of profits is made this year.

Acknowledgements

The Supervisory Board thanks the members of the Management Board and all employees for their personal contribution and cooperation in the financial year 2013.

On behalf of the Supervisory Board

Dr. Klaus VIETEN
Chairman of the Supervisory Board
Frankfurt, April 14, 2014

MEMBERS OF THE SUPERVISORY BOARD

Dr. Klaus VIETEN
Chairman

Dr. Klaus VIETEN was the Managing Director of Pickenpack – Hussmann & Hahn Seafood GmbH from 2003 to 2005, a company active in the production and distribution of deep frozen fish products. In addition, he was the Managing Director of Hussmann & Hahn GmbH & Co., which was merged with Pickenpack Tiefkühlgesellschaft mbH in 2003. DR. VIETEN was also the Managing Director and member of the Executive Board of FROSTA AG, a producer of frozen foods (1993 – 1998). He graduated with a Second State Examination degree in law in Bavaria in 1974 and a law PhD from Wuerzburg University in 1973. Currently, he is also a legal advisor to a Canadian and to a US based oil and gas exploration company.

Dr. Rainer SIMON
Deputy Chairman

Dr. Rainer SIMON studied Business Administration at the University of St. Gallen in Switzerland and graduated in 1976. He obtained his PhD from the University of St. Gallen in 1979. His professional career started at Continental AG, Hannover, Germany, where he worked from 1979 until 1990, first as a Marketing Manager in Lyndhurst NJ. USA, later as Vice President Marketing and Managing Director of Continental AG's subsidiary Vergolst GmbH. From 1991 until 1993, he was Managing Director of the Marketing and Sales division of Keiper-Recaro in Kaiserslautern, Germany. In 1993, he returned to Continental AG, where he was appointed Senior Vice President Europe Tires and Dealerships until 1995. From 1995 until March 2002, he was a member of the Management Board of Friedrich Grohe AG, Hemer, and from April 2002 until June 2004, he was a member of Grohe AG's Supervisory Board. From April 2002 until April 2005, he was President and CEO of Sanitec International AG in Hamburg and Sanitec Corporation, Helsinki, Finland. Since April 2005, he has been the owner and Managing Director of BirchCourt GmbH, a management and M&A consultancy. Since 2010, he is also Chairman of the Supervisory Board of Joyou AG.

Hock Eng CHAN
Member

Mr. Hock Eng CHAN is the Managing Partner of the private equity management company Zana Capital Pte, Ltd., responsible for managing its investments in the PRC. Zana Capital manages, inter alia, Mega Bond International Limited and Everswift Holdings Limited, two shareholders of the Company. He has more than 15 years of experience in business management and operations, and in the implementation and management of joint ventures and direct investments. He graduated with a Bachelor of Engineering (Electrical and Electronics) from the National University of Singapore in 1992.


United States
of America

EXPANDING
OUR POTENTIAL

We are building a new seafood processing factory in Dongshan that is vital to our mid- to long-term growth strategy. The factory and its modern machinery will increase productivity and efficiency thus improving our competitiveness and profit margins. It will also allow us to venture into the business of extracting compounds from marine processing by-products.

HAIKUI
SHARE

Haikui Share Performance

Share price development reflects challenging operating business conditions

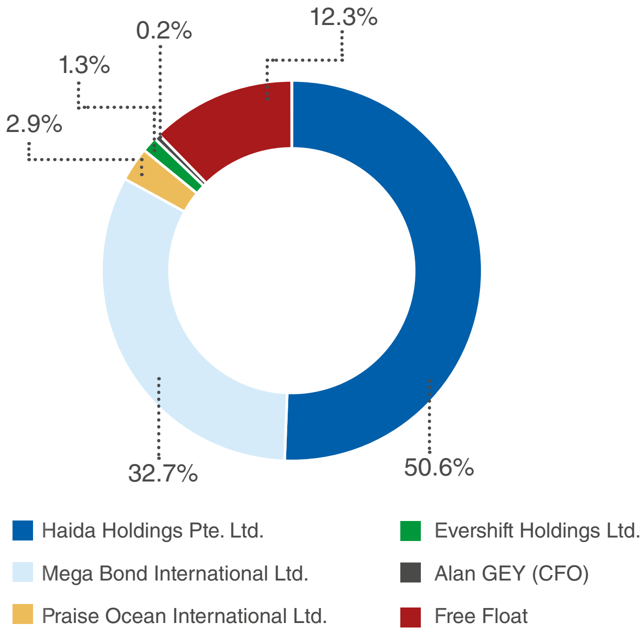
In the financial year 2013, Haikui's share price showed a volatile development, especially during the second half of the year. The share reached the highest price of EUR 9.68 at the beginning of the reporting period on January 3. Over the following months, the share depreciated slightly but kept trading above EUR 8.00 until it fell to an interim low of EUR 7.70 at the end of April. However, the share quickly recovered and closed at EUR 8.70 as of June 10. On July 25, Haikui had to adjust downwards its guidance for 2013 due to the difficult market conditions and the unforeseen action taken by CIQ, which resulted in a rapid decline of the share price. Between July 25 and August 2, the share lost more than 30% of its value but the price soon rebounded to EUR 6.45. Over the next few weeks, Haikui share price lost some of its momentum and closed at EUR 5.35 on August 27 but recovered quickly, reaching a closing price of EUR 7.34 as of September 9.

In the final quarter of the year, Haikui share price remained weak and generally exhibited a downward trend. On December 19, the share price was quoted at EUR 4.30 – the lowest price in 2013 – in the aftermath of the Company's ad hoc announcement on December 4 revising downwards its guidance for the full year. The pressure on the share price eased at the end of the reporting period mainly due to the positive news published on December 23 that the Company had secured a long-term bank loan and acquired the land use rights for the new seafood processing factory in Dongshan.

Due to the aforementioned reasons, the Haikui share weakened by 37.5% compared to the start of the year and could not keep up with its benchmarks indices DAX and SDAX, which both developed positively in 2013 with an increase of 21.7% and 35.5% respectively.

The stable development of Haikui share price continued during the first months of 2014. On March 10, Haikui share closed at EUR 5.25, representing a market capitalisation of about EUR 54.0 million.

Shareholder Structure *



*as of March 10, 2014

Basic Data	
ISIN/WKN/Ticker	DE000A1JH3F9/A1JH3F/H8K
Trading segment	Prime Standard, Frankfurt Stock Exchange
Commencement of trading	May 15, 2012
Share capital	10,276,000 shares
Designated sponsor	BankM – representative of the biw Bank für Investments und Wertpapiere AG

Key share indicators 2013 (in EUR)	
Year-end price	5.10
High (Jan 3, 2013)	9.68
Low (Dec 19, 2013)	4.30
Earnings per share	1.00
Market capitalisation in million EUR (as of Mar 10, 2014)	53.95

Analysts' recommendations

In its latest research report published on August 23 following the release of Haikui's half-year results, Pareto Securities did not rate Haikui share due to the challenging environment affecting the Company's business and the difficulties in forecasting its further development.

The analysts of BankM calculated a fair value of EUR 14.09 per share in their latest report of December 6, 2013. Although this would result in a buy recommendation according to rating schemes of BankM, analysts reduced their recommendation from buy to neutral given the deterioration in the Company's business operations and the short term uncertainties regarding the development of external factors which the Company could not influence.

Pro-active Investor Relations

Haikui is committed to actively engaging in and maintaining accessibility for its shareholders and potential investors to meet their information needs. To facilitate an open, comprehensive and transparent communication as well as an increased awareness within the financial community, the management goes on road shows and regularly commits itself to explain in greater details its results, business model and strategies of Haikui to potential investors. In November 2013, the CFO together with the Investor Relations team took part in the German Equity Forum in Frankfurt and successfully held Haikui's annual press and analysts' meeting.

To provide a continuous flow of information to the market, Haikui will continue its approach of publishing news on material events and developments; conducting individual talks/meetings; organise telephone conferences; as well as attend analysts' and investors' conferences. All current capital market-related information of Haikui Seafood are available on the Investor Relations website at www.haikui-seafood.com.

CORPORATE GOVERNANCE REPORT

In this section the Management Board and the Supervisory Board report on corporate governance at Haikui Seafood AG in accordance with Item 3.10 of the German Corporate Governance Code (the "Corporate Governance Code"). This report also includes the Corporate Governance Statement ("Erklärung zur Unternehmensführung") of the Company according to Sec. 289a of the German Commercial Code.

1. Shareholders and General Shareholders' meeting

The shareholders exercise their voting rights at the General Shareholders' Meeting ("GSM"). In accordance with the German Stock Corporation Act (AktG) an Annual GSM takes place within the first eight months of each fiscal year. Extraordinary GSMs may be convened if special circumstances so require. All shares are pari passu equal to one vote at the GSM.

Shareholders have the option of exercising their voting rights at the GSM in person, through a representative of their choice or through the Company's proxy representative. In the invitation to the GSM, there are particular explanations about the conditions of participation, voting rules (also for assignees) and shareholder rights.

The applicable reports and documents, including the annual report and agenda, which are legally required for the GSM, are from the convocation date onwards published under www.haikui-seafood.com. Subsequent to the GSM, the attendance and voting results are published there as well.

2. Management Board

2.1 Members

The members of the Management Board are appointed by the Supervisory Board. The Management Board of Haikui Seafood AG currently comprises three members: Mr. Zhenkui CHEN (CEO), Mr. Zhenping HUANG (COO), and Mr. Alan GEY (CFO).

2.2 Responsibilities

The Management Board is responsible for the strategic and executive management of the Company. The Management Board sets out the strategic goals, the business strategy and the Group's policy and organisation. This includes the management and investment policy, the personnel strategy, the engagement of key employees and the presentation of Haikui Group to the capital market and the public domain.

The Management Board is also responsible for the executive management of Haikui Group's business, such as negotiating key agreements, coordinating the daily operations as well as financial reporting, fund raising, investor relations and reporting to the Supervisory Board. The Company's key activities and financial performance are regularly monitored by the Management Board and duly reported to the Supervisory Board. In addition, the general management team meets on a regular basis to discuss and make fundamental decisions. The working relationship between the Management Board and Supervisory Board is described in the Report of Supervisory Board within the annual report.

2.3 Remuneration / Directors & Officers ("D&O") Insurance

Haikui Seafood AG presents the remuneration of the members of the Management Board individually in the remuneration report which is part of the management report.

The Company has entered into D&O insurance for its members of the Management Board in accordance with the statutory requirements of Sec. 93 Para. 2 Sentence 3 of the German Stock Corporation Act.

2.4 Potential Conflicts of Interest

The members of the Management Board are obliged to disclose potential conflicts of interest to the Supervisory Board. The Supervisory Board has to report on any potential conflicts of interest to the shareholders. Potential conflicts of interest may arise from the shareholdings of the Management Board members as set out further below in the section on Directors' Shareholdings and Directors' Dealings. However, in the financial year 2013 no actual conflict of interest occurred in the Management Board which would have prevented any of the Company's Management Board members from acting or voting in the Management Board.

3. Supervisory Board

3.1 Members

The Supervisory Board members are appointed by the GSM. The Supervisory Board of Haikui Seafood AG comprises three members: Dr. Klaus VIETEN (Chairman), Dr. Rainer SIMON (Deputy Chairman) and Mr. Hock Eng CHAN.

3.2 Responsibilities

The Supervisory Board is responsible for supervising and advising the Management Board as well as the election of the Management Board members, the determination of their remuneration as well as the review and approval of the annual financial statements of the Company. The Chairman of the Supervisory Board maintains frequent contact with the members of the Management Board to discuss issues of particular importance.

In particular, the Chairman of the Supervisory Board monitors the financial reporting process, as well as the effectiveness of the internal risk management system and internal control system, the effectiveness of the auditing process, and interviews key personnel in the finance department if required. Further details on the activities and on the cooperation between the Management Board and Supervisory Board can be found in the Report of Supervisory Board.

3.3 Remuneration / D&O Insurance

Haikui Seafood AG presents the remuneration of the members of the Supervisory Board individually in the remuneration report which is part of the management report.

The Company has entered into D&O insurance for its members of the Supervisory Board, which does not contain deductibles.

3.4 Potential Conflicts of Interest

The members of the Supervisory Board are obliged to disclose potential conflicts of interest to the Supervisory Board. The Supervisory Board has to report on any potential conflicts of interest to the shareholders. Potential conflicts of interest may arise from the position of Mr. Hock Eng CHAN as managing partner of Zana Capital Pte. Ltd., a fund that manages, inter alia, Mega Bond International Limited, a substantial shareholder of the Company, as set out further below in the section on Directors' Shareholdings and Directors' Dealings. The Report of Supervisory Board describes how these potential conflicts of interest will be dealt with by the Supervisory Board. In the financial year 2013 no actual conflict of interest occurred in the Supervisory Board which would have prevented any of the Company's Supervisory Board members from acting or voting in the Supervisory Board.

4. Statement on Corporate Governance according to § 289a of the German Commercial Code

Since its inception in 2002, the Corporate Governance Code has been used as a benchmark for good corporate governance. The cornerstones of Haikui Seafood AG's management philosophy such as responsibility, transparency and sustainability are in line with the Corporate Governance Code and help underpin the Company's business success. The Supervisory Board and Management Board are committed to following and supporting the goals and the spirit of the Corporate Governance Code.

4.1 Declaration of Compliance

The Management Board and the Supervisory Board on March 14, 2014 jointly adopted the Company's Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act. The Declaration of Compliance is made public in a separate section on Haikui Seafood AG's website: www.haikui-seafood.com/investor-relations/corporate-governance/entsprechenserklaerung/.

4.2 Practice of corporate governance at Haikui Group

(a) General

Beyond the mere compliance with applicable laws and regulations, as well as the Corporate Governance Code, Haikui Group's corporate governance is based on its internal rules and guidelines as well as its customary business practices. The Company has a written code of conduct and employee manuals/policies, which are communicated to all employees. All employees are required to comply with the Group's code of conduct when they join the Group. Departures from the Group's approved policies and procedures are prohibited and sanction will be imposed for non-compliance.

Haikui's management is consistently working on improving all aspects of its operations including occupational health and safety, sales and distribution and its conduct as a socially responsible corporate citizen. During the year, the Company has committed and deployed further resources towards risk management and corporate and social responsibility activities.

(b) Corporate Compliance

Compliance with the relevant statutory provisions for its operations and internal company policies is an essential part of Haikui Seafood AG's corporate governance. It is one of the key duties of all business areas to ensure compliance with the prevailing policies in the individual areas of responsibility. All business activities in China are carried out in strict compliance with Chinese laws and international conventions. Specific compliance requirements are laid out in Haikui Group's code of conduct and its employee manuals and policies.

(c) Risk Management

The Company's risk management policies are laid out in its risk management manual and described in detail in the risk management section which is part of the combined management report. They are designed in accordance with statutory provisions to detect significant risks early so that appropriate measures can be taken in order to minimise, diversify, transfer or avoid risks thus ensuring the continuity of the Group. The risk management process is supported through the controlling and auditing functions.

(d) Avoiding and dealing with potential conflicts of interest

The Management Board and Supervisory Board ensure that no board decisions are obstructed by potential conflicts of interest. Thus, according to Haikui's internal rules of procedure, the Management Board members and Supervisory Board members have to disclose any potential conflicts of interest immediately and, if necessary, have to abstain from voting on matters where they might have a potential conflict of interest. Further details on potential conflicts of interest and how they are being dealt with are described in the sections on the Management Board and the Supervisory Board in the Corporate Governance Report as well as in the Report of Supervisory Board for the financial year 2013.

(e) Availability of the Company's internal rules

The Articles of Association ("Satzung") of Haikui Seafood AG as well as the Declaration of Compliance in accordance with Sec. 161 of the German Stock Corporation Act are available on its website (www.haikui-seafood.com). Haikui's other internal rules and codes of conduct are not publicly available.

4.3 Cooperation between the Management Board and Supervisory Board

In accordance with the laws for German stock corporations, Haikui Seafood AG has a dual board structure consisting of the Management Board and Supervisory Board, each possessing its own competences. The Management Board is in charge of strategic leadership and operative management of the Company whereas the Supervisory Board is responsible for supervising and advising the Management Board. A member of the Management Board cannot be a Supervisory Board at the same time and vice versa.

The Management Board and the Supervisory Board work closely together in the interest of the Company. Their common goal is to ensure the sustainable creation of value. The internal rules of procedure of the Management Board and Supervisory Board, as well as the cooperation between the two boards, are laid out in detail in the Company's rules of procedure for the Supervisory Board and rules of procedure for the Management Board.

The Management Board continuously, timely and comprehensively informs the Supervisory Board on all matters which are relevant for Haikui Group. This information includes the intended business policy, the Group's profitability, the recent development of the business activities and the financial and economic status of the Company, business planning, the actual risk situation, compliance and the status of implementation of the risk management system. The Management Board must immediately inform the Chairman of the Supervisory Board on matters of major importance.

For certain business transactions and measures as more specifically set forth in the rules of procedure for the Management Board, the Management Board must obtain the Supervisory Board's prior approval.

5. Directors' shareholdings and Directors' Dealings

5.1 Directors' shareholdings

To the best knowledge of the Company[1], the members of the Company's Management Board and Supervisory Board have the following shareholdings in the Company:

Name	Function	Shares held via	Number of shares	Percentage
Zhenkui CHEN	CEO	Haida Holdings Pte. Ltd.	5,156,588	50.18
Zhenping HUANG	COO	Praise Ocean International Limited	300,247	2.92
Alan GEY	CFO	Shares directly held	20,000	0.19
Dr. Klaus VIETEN	Chairman of the Supervisory Board	–	–	–
Dr. Rainer SIMON	Deputy Chairman of the Supervisory Board	–	–	–
Hock Eng CHAN[2]	Member of the Supervisory Board	–	–	–

5.2 Directors' dealings

Pursuant to Section 15a (1) of the German Securities Trading Act (WpHG), the trading of securities by certain parties, including Members of the Management Board or Supervisory Board, must be reported if the total sum of the transactions undertaken in any given calendar year equals or exceeds €5,000. Individuals who are closely related to these parties (e.g. spouses, registered partners and first-degree relatives) are also subject to this reporting requirement. Reportable securities transactions are published on the Haikui Seafood AG's website under http://www.haikui-seafood.com/en/investor-relations/corporate-governance/directors-dealings/.

1 Company's knowledge is based on voting rights notifications it has received after its IPO and based on information obtained from its board members during the preparations of the IPO and afterwards. The Company assumes no liability as to the correctness of shareholding information contained in the table as at the date of publication of the Annual Report.

2 Even though not directly or indirectly owning any shares in the Company, Mr. Hock Eng CHAN is a managing partner of Zana Capital Pte. Ltd., a fund that manages, inter alia, Mega Bond International Limited, a substantial shareholder of the Company which, according to the Company's current information, holds a shareholding of approximately 32.7 per cent.

6. Accounting and Auditing

Haikui Seafood AG prepares its individual financial statements and the combined management report in accordance with the German generally accepted accounting principles and the statutory provisions of the German Commercial Code ("Handelsgesetzbuch/HGB") and supplementary provisions of the Articles of Association. The individual financial statements of Haikui Seafood AG are the sole basis for profit distributions.

The consolidated financial statements are prepared in accordance with the IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a Para. 1 German Commercial Code, and Sec. 50 of the Exchange Rules of Frankfurt Stock Exchange. The interim financial reporting consisting of condensed interim consolidated financial statements (semi-annual and quarterly reports) in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to Interim Group Management Reports, are prepared in accordance with Sec. 37w, 37x Para. 3, 37y of the German Securities Trading Act ("Wertpapierhandelsgesetz/WpHG") and Sec. 51 of the Exchange Rules of the Frankfurt Stock Exchange.

The individual financial statements and consolidated financial statements are prepared by the Management Board and audited by an independent auditor appointed by the Annual GSM. For the financial year 2013, CROWE HORWATH Deutschland GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, was appointed as auditor by the Annual GSM on July 11, 2013. Thereafter, the auditor was engaged by the Chairman of the Supervisory Board on behalf of Haikui Seafood AG. The Supervisory Board has agreed with the independent auditor that the Chairman of the Supervisory Board would be informed immediately of any grounds for disqualification or impartiality occurring during the audit, unless such grounds are eliminated immediately, and that the independent auditor would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the independent auditor would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the Declaration of Compliance issued by the Management Board and Supervisory Board pursuant to Sec. 161 of the German Stock Corporation Act.

The Supervisory Board examines and approves the individual financial statements and the combined management report, as well as the consolidated financial statements. The independent auditor takes part in the Supervisory Board's deliberations on the individual financial statements, combined management report and the consolidated financial statements and reports on the essential results of its audit.

7. Transparency

Shareholders and other interested parties can obtain information about Haikui Seafood AG's financial position and business development through financial reports (business and interim reports), analyst and press interviews, press releases and/or ad hoc announcements and through attending the GSM. Current information is permanently available and may be obtained from the Company's webpage (www.haikui-seafood.com), providing all relevant information both in German and English. Apart from extensive information about the Haikui Seafood Group and the Company share, the webpage contains the Company's financial calendar providing an overview about all important events.

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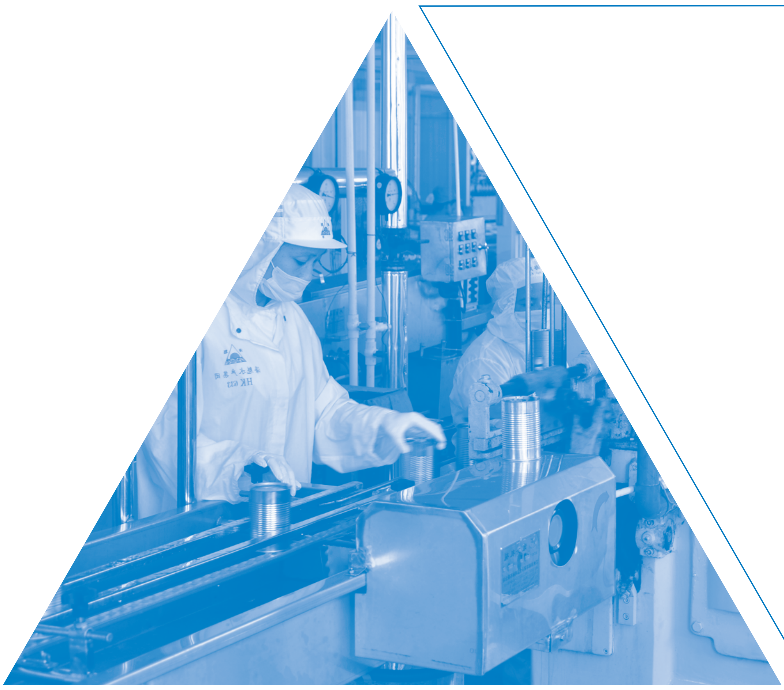


COMBINED MANAGEMENT REPORT

1. Fundamental information about Haikui Seafood Group

1.1 Group structure and business operations

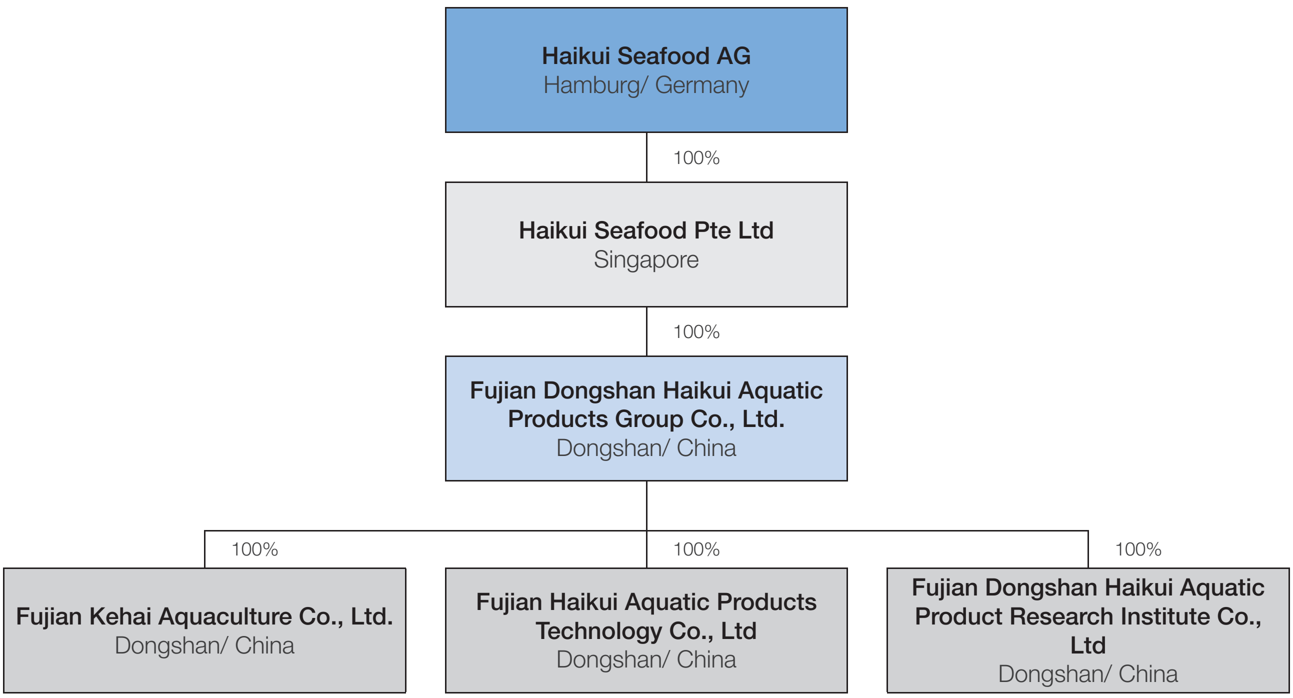
Haikui Seafood Group (the "Group") is a seafood processing company with operating facilities in China, which produces and sells processed frozen and canned seafood for the Chinese market and for international markets. The Group's products are made from a broad range of raw seafood, including prawn and crab and various types of fish and other species such as shellfish and cephalopod.

The Group sources its raw materials from local fisheries and aquaculture farms that are located near the production facilities on Dongshan Island, which has been a seafood processing area for a long time due to its high quality seafood supplies. The close proximity allows raw materials to reach our factories faster thus ensuring the freshness of the raw materials. The raw materials are then processed into frozen and canned seafood products. Those two product lines also represent the operating segments according to IFRS 8. The current production process is labour intensive and the use of machineries in the production is limited. As Dongshan Island has been traditionally a fishing village, the Group has access to a large pool of skilled local workforce. The products are then packaged in our facilities and sold under third-party brands or under the company's own "Haikui" brand to our customers at competitive prices.

Haikui Seafood AG ("Haikui" or "Company") is a public listed company under German law. The Company is registered with the Commercial Register of Hamburg, Germany under HRB 117277. The Company has been listed on the Prime Standard of the Frankfurt Stock Exchange since May 15, 2012.

Haikui Seafood AG is the ultimate holding company of the Group. The intermediate holding company, Haikui Seafood Pte Ltd, is located in Singapore. The operating company Fujian Dongshan Haikui Aquatic Products Group Co., Ltd ("Fujian Haikui")is located in China. On July 1, 2013 Fujian Dongshan Haikui Aquatic Products Group Co., Ltd. incorporated three wholly owned subsidiaries, Fujian Kehai Aquaculture Co., Ltd., Fujian Haikui Aquatic Products Technology Co., Ltd., and Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd. These subsidiaries were dormant for the financial year 2013 and do not have material impact to the Group financial statements for the financial year 2013. The Company and its subsidiaries are included in the consolidated financial statements of the Group.

Haikui Seafood Group Structure



1.2 Internal management system

The Management Board recognises the importance of sound internal controls and risk management. The Management Board understands that managing risks enables Haikui to control risks that may prevent them from achieving their strategic objectives while allowing identification of emerging opportunities. Besides being a key pillar to good corporate governance, risk management applies to all the Group's decision-making activities, including strategic corporate planning, budgeting, policy development, project development and management.

The Group's internal risk management system has been established to communicate clear ownership and accountabilities for risk management.

The Group's operations and management are based in China and the management team is actively involved in the daily operations of the currently sole operating entity in China. Market and competition are observed and managed through close working relationships with our customers and suppliers. The management also observes risk indicators in the economic and socio-political environment. Risks are assessed on their probability of materialisation and their impact to the business.

The Management Board and managers of the business segments meets on a regular basis to discuss developments of the markets and of the competition and its influence on the Group's business based on the key financial indicators, with the primary focus on revenue, gross profit margin and profit from operation ("EBIT") margin. As soon as negative developments are recognised, it would be reported and appropriate measures will be taken.

The Supervisory Board serves as an oversight body, governing the overall risk appetite, risk profile and risk process undertaken to manage risk to the appropriate level. The Supervisory Board and Management Board meet on a regular basis and the Supervisory Board is updated of the Group's development via monthly reporting. Ultimately, Haikui's Supervisory Board will provide further guidance, where necessary, to ensure the overall robustness of risk management in the Group.

1.3 Research and Development ("R&D")

It is the Group's intention to further strengthen its product development capabilities in order to develop new products and further improve the quality of the Group's products, which the Management Board believes is essential in order to adapt to changing consumer preferences.

The Group's product development activities focus on formulating new seasoning, developing new recipes and improving the quality of the seafood products.

The Group also collaborates with other research institutions to conduct research on improving the aquaculture cultivating techniques and procedures to assist aquaculture farmers under the supply framework agreements in their farming techniques.

The Group develops and markets a number of new products each year. The product development team interacts regularly with the sales team to evaluate market developments and consumer preferences and with the processing team to analyse the required manufacturing process before new products are brought to the marketplace.

During the financial year 2013, the R&D department focused its research on the use of by-products generated during our current production. One of the products is the extraction of fish protein from the by-products generated from the production of canned fish. The R&D is on-going to better refine the fish protein extracted and to increase production efficiency and output in the extraction process. Besides fish protein, the R&D department also conducted research on the production of seasonings and sauces using by-products such as abalone sauce, crab seasonings and prawn seasonings. Haikui expects to commercialise these products in 2016 when the construction of the new factory is completed.

The R&D department increased its total employees from 17 employees as at December 31, 2012 to 24 employees as at December 31, 2013. For the financial year 2013 the R&D expenses (including R&D personnel cost) were approximately kEUR 90 (2012: kEUR 55).

2. Macroeconomic environment

2.1 Overall economic environment

The world economy reached only subdued growth of 2.1% in 2013 lower than the modest projections made by many institutional forecasters, including the forecast of 2.4% according to the World Economic Situation and Prospects 2013 published by the United Nations.

While most developed economies continued to grapple with the challenge of taking appropriate fiscal and monetary policy actions in the aftermath of the financial crisis, a number of emerging economies, which had already experienced a notable slowdown in the past two years, have encountered new domestic and international headwinds during 2013.

Some signs of improvement have emerged more recently. The euro area has finally come out of a protracted recession, with gross domestic product for the region as a whole starting to grow again; the economy of the United States of America continues to recover; and a few large emerging economies, including China, seem to have at least stopped a further slowdown or will see accelerating growth. World gross product is forecast to grow at a pace of 3.0% and 3.3% in 2014 and 2015, respectively according to the latest World Economic Situation and Prospects 2014 published by the United Nations.

After a notable slowdown in 2011-2012, economic growth in East Asia stabilised at a moderate level in 2013. While East Asia remained the fastest-growing region in the world in 2013, economic activity was adversely affected by continued sluggish external demand in developed economies and an adjustment to lower growth in China. The average growth of the region is estimated to average 6.0% in 2013, almost the same pace as 2012. A moderate pickup to 6.1% is forecasted for 2014 and 2015, mainly driven by a gradual recovery in export growth amid improving conditions in developed countries. In most East Asian economies, private consumption and investment will continue to expand at a solid pace, supported by stable labour market conditions, low inflation and fairly accommodative monetary policies. Fiscal policies will remain moderately expansionary and continue to provide support for growth.

Growth of world merchandise trade weakened further in 2013, dragged down by slow global growth. Sluggish demand in many developed countries and faltering growth in developing countries led to a decline in world export volume growth from 3.1% in 2012 to only 2.3% in 2013 – well below the trend prior to the financial crisis. The prospects for world trade are expected to improve, driven by a modest increase in demand in Europe, further recovery in the United States and a return to more dynamic trade in East Asia. Growth of world exports is projected to be 4.6%in 2014 and 5.1% in 2015.

In East Asia, while export and import growth continued to expand robustly in comparison to other regions, they were still much weaker than the period prior to the crisis. Both export and import growth is expected to improve slightly over the forecast period, with exports rising from 4.9% in 2013 to 6.1% in 2014 and 6.2% in 2015. Within the region, China will continue to be the powerhouse, but it has begun to increase its share of both regional and world imports in efforts to strengthen domestic demand. There have also been some shifts in the trade patterns between East Asia and Japan, mainly owing to exchange rate changes.

2.2 Sector-specific environment

2.2.1 Global seafood industry

Fisheries and aquaculture make crucial contributions to the world's wellbeing and prosperity. In the last five decades, world fish food supply has outpaced global population growth, and today fish constitutes an important source of nutritious food and animal protein for much of the world's population. In addition, the sector provides livelihoods and income, both directly and indirectly, for a significant share of the world's population.

Fish and fishery products are among the most traded food commodities worldwide, with trade volumes and values reaching new highs and are expected to carry on rising, with developing countries continuing to account for the bulk of world exports. While capture fisheries production remains stable, aquaculture production keeps on expanding. Aquaculture continues to boost overall fish supply, pushing quotations down from earlier levels. Fish consumption per capita keeps growing with aquaculture in the process of overtaking capture fisheries as the main source of supply for direct human consumption.

According to the Food Outlook Report published by Food and Agriculture Organisation of the United Nations, food markets are becoming more balanced and less price volatile than in recent years. In 2013 the world food import bill is set to decline by 3% to USD 1.15 trillion, with cereals, sugar, vegetable oils and tropical beverages falling, but dairy, meat and fish remaining firm.

The market situation overall continues to be difficult, in particular in traditional developed country markets. The slightly higher prices for some farmed species are more a symptom of supply shortages rather than strong demand.

Markets continue to be influenced by uncertain economic sentiments in traditional markets. In Japan, a weaker currency has made imports more expensive. And in the US, imports for the first half of the year were flat in both values and volumes. Developing country demand has been more positive with domestic demand boosting both imports and local production, particularly of farmed products.

As a number of species continue to be in short supply and prices will remain at sustained high level, 2014 is likely to see a quite challenging market again. An example would be farmed prawns which are affected by the Early Mortality Syndrome ("EMS"), resulted from bacteria which delays prawns' growth and prevent it from reaching maturity. Research has shown that EMS does not affect humans, but some countries have implemented policies that restrict the importation of frozen prawns from EMS-affect countries which includes China.

2.2.2 Seafood industry in China

The seafood industry is an important component of the agriculture sector in China. In particular, the Fujian provincial government intends to modernise the agriculture sector to achieve higher food self-sufficiency. Efforts are also made to strengthen cooperation in the agriculture sector between Fujian and Taiwan such as the further opening of the Taiwanese market for processed seafood from Fujian.

To increase food self-sufficiency and protect the marine environment, the Chinese government actively encourages the cultivation of aquatic products. The expansion of the aquaculture area in both coastal seawater and freshwater has contributed greatly to seafood production growth while capture fishing is anticipated to remain fairly stable over the next few years. Yield increases triggered by technological advances are also projected to enhance production.

From the demand perspective, the Chinese market has sustained high gross domestic product and disposable income growth rates, resulting in consumption boom. Urbanisation, rising incomes and increased health awareness are expected to drive higher demand for healthier convenience foods such as the Company's frozen and canned seafood products.

From the distribution perspective, improved marketing systems, network and distribution infrastructure, and processing technologies including cold storage transportation also facilitate distribution to all parts of China (in particular the inner part of China) which were previously not so accessible.

The seafood processing industry in China is expected to continue growing due to strong government commitment and support, higher seafood production, and growing consumption demand. Policy initiatives and investments in aquaculture in China are likely to promote the continued growth of the seafood processing industry through larger supply, not only to meet the Chinese demand, but also to support the growing international export market. The future of the seafood processing industry in China looks bright.

Haikui has deployed various strategies (e.g. promotional activities, working with new domestic distributors) to build up its brand name to penetrate the Chinese market, targeting the middle income consumer segment. However, many Chinese consumers prefer live and fresh seafood compared to processed seafood. Therefore Haikui will require time for consumer taste and preference to change towards processed seafood and for Haikui to build up its reputation for quality products in the end consumer market before the Company can see growth in its domestic market.

2.2.3 Business environment affecting Haikui

The Chinese market for processed seafood is characterised by large processing capacities and a very fragmented industry landscape. China has more than 10,000 seafood processing facilities, of which majority of the seafood processing facilities are concentrated in Zhejiang, Shandong, Fujian, and Guangdong provinces. Due to the favourable conditions and the support of the Chinese government, more competitors have recently entered the market and increased the number and size of processing facilities in the Fujian province leading to a keener competition for raw materials and labour force.

Volumes of aquatic products processed have been increasing over the years. This trend is expected to continue as more frozen processed goods are shipped to inland provinces, and the demand for frozen processed aquatic products by domestic consumers rises.

The keener market competition, a tighter supply of raw materials, and the longer inspection time taken by Chinese Inspection and Quarantine Authorities ("CIQ") have resulted in lower selling prices and a reduced sales volume. Consequently, revenue of Haikui decreased by approximately kEUR 77,483 or 39.7% from kEUR 195,121 for 2012 to kEUR 117,638 for 2013.

Raw material and labour costs have risen due to tighter raw material situation and stronger market demand. The challenging business environment has, however, not only impeded Haikui from increasing its selling prices but on the contrary necessitated a price reduction to stay competitive. Hence, gross margin declined by approximately 7.8 percentage points from 25.8% for 2012 to 18.0% for 2013.

Haikui believes there are approximately nine major seafood processors in China that directly compete with Haikui in both the Chinese and overseas markets. They are involved in processing of a wide spectrum of seafood products. Haikui believes that its product range is not entirely comparable to that of its competitors because some of the seafood processors specialise solely in the processing of canned seafood while others are involved exclusively in the processing of frozen seafood and in certain cases only process a narrow range of seafood products (e.g.: tilapia and prawn).

Haikui believes it is competitively positioned in its operating environment due to its established market reputation as a manufacturer of high quality seafood products, its wide product range supported by international quality accreditation and its strategic location with strong accessibility to diverse and sustainable marine resources. These competitive traits enable Haikui to better capitalise on opportunities presented by the growing seafood consumption market both within China and internationally as well as fend off threats posed by its competitors.

3. Summary on business development and performance

3.1 Business performance

In our Combined Management Report for 2012 Haikui described that it will place greater emphasis on capacity expansion and that it intends to construct a new production facility. In 2013, Fujian Haikui entered in an agreement with local authorities to secure land use rights on a plot of land of 1,000 mu (approximately 66 ha) on Dongshan Island and have started ground levelling works. Besides this, the Company has secured a long term loan for Deutsche Investitions- und Entwicklungsgesellschaft mbH ("DEG") to help finance the construction of the new factory. Management believes that upon commissioning of the new factory in 2016, it would contribute positively to the Group's financials.

Despite the weakening global economic outlook and potential production capacity constraints for 2013, management had expected that revenue would increase in 2013 compared to 2012 but at a slower pace. Consequently, gross profit margin and EBIT margin were also expected to come under slightly pressure in 2013. However, an unexpected weak fishing season, higher competition from other seafood processing companies and more stringent inspection on exports by CIQ prompted Haikui to adjust its full year guidance.

Given the extremely challenging business environment for 2013, the Management Board is pleased to report that Haikui remains profitable under such challenging circumstances.

For the financial year 2013, Haikui's financial results were in-line with its revised full year guidance. Revenue decreased by approximately kEUR 77,483 or 39.7% from kEUR 195,121 in 2012 to kEUR 117,638 in 2013. Measured in RMB, the functional currency of Haikui, revenue decreased by approximately 38.9% year-on-year, within our guidance of a decline between 35% to 45% in revenue communicated in our ad hoc release.

EBIT decreased by approximately kEUR 28,042 or 63.8% from kEUR 43,982 in 2012 to kEUR 15,940 in 2013 and EBIT margin decreased by approximately 8.9% percentage points from 22.5% in 2012 to 13.6% in 2013. The decrease in EBIT and EBIT margin was mainly due to lower gross margin arising from stronger market competition, tighter supply of raw materials and in relation to revenues increased distribution expenses.

In addition, the Group has generated positive cash flow for the financial year 2013 and maintained a strong balance sheet as at December 31, 2013.

3.2 Significant seasonal factors

Haikui's revenue and results of operations have fluctuated in the past due to fluctuations in demand based on seasonality and shortages in the supply of seafood from capture fishing in the period in which fishing is restricted.

On the supply of raw seafood from capture fishing, in Dongshan region fishing is restricted from May 1 to August 1 due to governmental regulations to allow the marine species to reproduce. As a result, raw seafood from capture fishing is generally higher in the second half of the year.

On the demand side, sales are generally higher in the second half of the year. This is mainly due to more purchases made for various festivities and holidays such as the Christmas, New Year and Chinese New year.

The financial year 2013 was an exceptional year for Haikui as sales for the second half of the year were lower, with Q4 2013 being the lowest. This was mainly due to the fact that Haikui was not able to secure sufficient raw material to meet the demand of its customers because of the tight supply situation of crabs and prawns arising from a weak fishing season and EMS.

4. Net assets, financial position and results of operations of the Group

4.1 Financial key performance indicators

The most important financial key performance indicators that are also used for the internal management of the Group are revenue, gross profit margin and EBIT margin. The financial key performance indicators and significant changes compared with the previous year are presented and discussed in the following paragraphs.

4.2 Results of operations

The table below shows the consolidated income statement for the financial year 2013 compared to the consolidated income statement for the financial year 2012.

All amounts referring to the consolidated financial statements were prepared according to IFRS as adopted by the EU.

kEUR	2013	Restated* 2012	Change in %
Revenue	**117,638**	**195,121**	**(39.7)**
Cost of sales	(96,418)	(144,839)	(33.4)
Gross profit	**21,220**	**50,282**	**(57.8)**
Other income	810	238	>100
Distribution expenses	(1,826)	(1,669)	9.4
Administrative expenses	(4,065)	(4,186)	(2.9)
Other operating expenses	(199)	(683)	(70.9)
Profit from operations ("EBIT")	**15,940**	**43,982**	**(63.8)**
Finance income	585	228	>100
Finance expenses	(1,870)	(668)	>100
Profit before income tax	**14,655**	**43,542**	**(66.3)**
Income tax	(4,423)	(11,358)	(61.1)
Profit for the year	**10,232**	**32,184**	**(68.2)**

* certain amount shown here do not correspond to the consolidated financial statements for the period January 1 to December 31, 2012 and reflect adjustments in accordance with IAS 8.14(b) made as detailed in Note 2 to the consolidated financial statements

4.2.1 Revenue

Revenue decreased by approximately kEUR 77,483 or 39.7% from kEUR 195,121 in 2012 to kEUR 117,638 in 2013. Several factors caused revenue to decline. Firstly, the increasingly competitive business environment had necessitated a reduction in the Company's selling prices to compete effectively and to retain its customers. Secondly, there was an overall decline in total quantities sold which was partly attributed to the tighter supply of raw materials. Finally, export sales of all Chinese seafood processing companies were slowed by the more stringent quality checks which started in Q2 2013 and are still ongoing, resulting in longer time taken by CIQ to inspect the end product quality. The slowdown in export shipments had negatively affected the Group's revenue.

The RMB/EUR average exchange rate in 2013 was comparable to 2012. Measured in RMB, the functional currency of Fujian Haikui, revenue decreased by approximately kRMB 616,843 or 38.9% from kRMB 1,585,059 in 2012 to kRMB 968,216 in 2013. This was within our latest revised guidance communicating a revenue decline of 35% to 45%. The overall decrease in average selling price and volume accounted for kRMB 268,938 or 17.0% and kRMB 347,905 or 21.9% of the revenue decrease respectively.

Revenue is generated from the sale of seafood products made from various marine species into frozen and canned products which are sold overseas and domestically. For domestic sales, the Company receives most of its customer orders directly from PRC distributors for domestic sales. In terms of international sales, the Company receives most of its customer orders through buying agents who receive orders directly from international distributor customers seeking seafood products.

The Group does not enter into long-term supply agreements with its customers due to the volatility in raw material prices and uncertainty in the availability of raw materials to meet orders.

Sales are usually made based on orders received from the respective customers or buying agents, which will then be executed by the Group by delivering the products to the respective customer generally within four to six weeks from the order date.

4.2.2 Cost of sales

Cost of sales consists of costs for the purchase of materials, direct labour costs and manufacturing overheads. Cost of sales decreased by approximately kEUR 48,421or 33.4% from kEUR 144,839 in 2012 to kEUR 96,418 in 2013.

The following table shows a breakdown of cost of sales for the period under review and as a percentage of total cost of sales for each category:

kEUR	2013	%	2012	%
Direct material	88,384	91.7	135,740	93.7
Direct labour	4,542	4.7	4,651	3.2
Manufacturing overheads	3,492	3.6	4,448	3.1
Gross profit	96,418	100.0	144,839	100.0

Cost for direct material in total declined primarily due to the decrease in sales. However, this effect has been partially absorbed by rising prices of raw materials as a consequence of greater competition in Dongshan for raw materials and a tighter supply. As a percentage of total cost of sales, direct labour costs increased mainly due to an increase in wages. Manufacturing overheads remained comparable.

Direct materials primarily include raw materials as well as semi-finished products and finished products for which the processing was outsourced to third parties. Cost of materials forms the largest component of our cost. Direct labour costs include salaries and other staff-related costs of manufacturing. Direct labour costs are dependent on the number of processing staff employed and wage levels which, in turn, are influenced by the availability of labour in the market with the required skill sets. Manufacturing overheads include mainly utility charges, depreciation charges of property, plant and equipment, consumables and supplies and other factory related costs.

4.2.3 Gross profit and gross profit margin

Gross profit decreased by approximately kEUR 29,062 or 57.8% from kEUR 50,282 in 2012 to kEUR 21,220 in 2013 and gross profit margin decreased by approximately 7.8 percentage points from 25.8% in 2012 to 18.0% in 2013.

Measured in RMB, which is the functional currency of Fujian Haikui, gross profit decreased by approximately 57.2% in the reporting period compared to 2012.

The decline of the gross margin in 2013 was mainly due to an increase in raw material costs caused by stronger market competition and a tighter supply of raw materials. In addition, direct labour wages have risen. These effects could not be fully passed on to customers. Furthermore, the Company had to lower selling prices to be able to compete and retain its customers.

4.2.4 Other income

Other income comprises mainly of sale of scrap materials resulted from our processing and government grants which are awarded by the Chinese government for research and development assistance and award for achieving listed status in Germany.

Other income increased by approximately kEUR 572 from kEUR 238 in 2012 to kEUR 810 in 2013 mainly due to the fact that higher government grants were received in 2013.

4.2.5 Distribution expenses

Distribution expenses comprise mainly freight charges, inspection expenses and other sales-related expenses (sales taxes, advertising and promotion expenses and wages).

Distribution expenses increased by approximately kEUR 157 or 9.4% from kEUR 1,669 in 2012 to kEUR 1,826 in 2013 mainly due to higher advertisement and promotion expenses arising from the participation of the Boston Seafood Show in March 2013. The increase was offset by lower inspection expenses due to the decrease in export sales.

4.2.6 Administrative expenses

Administrative expenses comprise mainly salary and other staff-related expenses relating to the management, administrative and support personnel, expenses for research and development, depreciation charges for property, plant and equipment, and other administrative expenses such as non-sales related taxes, travelling and entertainment expenses incurred by management and expenses of office supplies.

Administrative expenses decreased by approximately kEUR 121 or 2.9% from kEUR 4,186 in 2012 to kEUR 4,065 in 2013 mainly due to tighter cost control over administrative expenses offset by the higher expenses which were incurred in order to fulfill the requirements of being a listed company.

4.2.7 Other operating expenses

Other operating expenses comprise mainly of donations in 2013. In 2012 other operating expenses comprise mainly property, plant and equipment written off, donations and the initial public offering expenses. Other operating expenses decreased by approximately kEUR 484 or 70.9% from kEUR 683 in 2012 to kEUR 199 in 2013 mainly due to the initial public offering expenses incurred in 2012.

4.2.8 Profit from operations (“EBIT”)

EBIT decreased by approximately kEUR 28,042 or 63.8% from kEUR 43,982 in 2012 to kEUR 15,940 in 2013 while EBIT margin decreased by approximately 8.9 percentage points from 22.5% in 2012 to 13.6% in 2013.

The decrease in EBIT and EBIT margin was mainly due to lower revenue and gross margin arising from stronger market competition, tighter supply of raw materials and in relations to revenues increased distribution expenses.

4.2.9 Finance income

Finance income comprises bank interest income and the amortisation of unearned interest.

Finance income increased by approximately kEUR 357 from kEUR 228 in 2012 to kEUR 585 in 2013 mainly due to amortisation of unearned interest from interest free long term advances made to suppliers under the framework agreements.

4.2.10 Finance expenses

Finance expenses comprise interest expenses for other borrowings, foreign exchange losses, bank charges and interest from discounting long term advances made to supplier under the framework agreements.

Finance expenses increased by approximately kEUR 1,202 or 179.9% from kEUR 668 in 2012 to kEUR 1,870 in 2013 mainly due to the discounting of interest free long term advances made to suppliers under the framework agreements made in 2013 and higher foreign exchange losses recognised in 2013 due to the strengthening of RMB against the USD.

4.2.11 Income tax

Income tax decreased by approximately kEUR 6,935 or 61.1% from kEUR 11,358 in 2012 to kEUR 4,423 in 2013. At the Group level, this represents an effective tax rate of 30.2% and 26.1% for 2013 and 2012 respectively. The increase in the effective tax rate was mainly due to higher expenses that were not tax deductible.

There is no taxable income for Haikui Seafood AG for the period under review. Haikui Seafood Pte Ltd was subject to income tax rate of 17% for the financial period ending 2013. Fujian Haikui was subject to income tax rate of 25% for the financial period ending 2013.

Income tax also includes deferred income tax loss of kEUR 69 for 2013 and deferred income tax gain of kEUR 28 for 2012 respectively relating to future deductible differences that arose from Fujian Haikui's acquisition of a seafood business in December 2010 and deferred expenditure of direct fees related to the loan from Deutsche Investitions- und Entwicklungsgesellschaft ("DEG") in 2013.

4.2.12 Profit for the year

The profit for the year decreased by approximately kEUR 21,952 or 68.2% from kEUR 32,184 in 2012 to kEUR 10,232 in 2013 and net profit margin decreased by approximately 7.8 percentage points from 16.5% in 2012 to 8.7% in 2013.

The decrease in net profit and net profit margin was mainly due to lower revenue and gross margin arising from stronger market competition, tighter supply of raw materials and increased distribution expenses.

4.2.13 Other comprehensive income

Other comprehensive income consists of exchange differences on the translation of the subsidiaries' financial statements denominated in RMB and SGD into EUR. Due to the weakening of the RMB against the EUR of approximately 0.8% (closing rate as at December 31, 2013: RMB/EUR 0.1188; closing rate as at December 31, 2012: RMB/EUR 0.1198) an amount of kEUR 1,503 reflecting the exchange loss on the translation of the subsidiaries' financial statements has been recognised in the Group's other comprehensive income for 2013.

4.2.14 Operating segments development

The Group's two segments revenue and gross profit developed as follows:

kEUR	2013	2012	Change in %
Frozen products			
Revenue	94,817	172,189	(44.9)
Gross profit	18,082	44,583	(59.4)
Gross margin %	19.1	25.9	(6.8) pp
Canned products			
Revenue	22,821	22,932	(0.5)
Gross profit	3,138	5,699	(44.9)
Gross margin %	13.8	24.9	(11.1) pp

Frozen products

Frozen products which are made from a variety of marine species, such as fish, crab, prawn and others, continue to be the main revenue driver for the Company, accounting for approximately 80.6% and 88.2% of 2013 and 2012 revenue respectively.

Revenue for frozen products decreased by approximately kEUR 77,372 or 44.9% from kEUR 172,189 in 2012 to kEUR 94,817 in 2013. The decrease in revenue was mainly due to lower sales volume of high value products such as crabs and prawns.

Measured in RMB, the functional currency of Fujian Haikui, revenue for frozen products decreased by approximately kRMB 618,388 or 44.2% from kRMB 1,398,778 in 2012 to kRMB 780,390 in 2013. The overall decrease in average selling price and volume accounted for kRMB 172,031 or 12.3% and kRMB 446,357 or 31.9% of the frozen products revenue decrease respectively.

Gross margin for frozen products decreased by approximately 6.8 percentage points from 25.9% in 2012 to 19.1% in 2013 was mainly to stronger market competition which led to an increase in raw material costs as well as an increase in direct labour wages. In addition, the Company had to lower selling prices to be able to compete and retain its customers.

Canned products

Canned products are made mainly from fish and abalone. Canned products accounted for approximately 19.4% and 11.8% of 2013 and 2012 revenue respectively.

Revenue for canned products decreased by approximately kEUR 111 or 0.5% from kEUR 22,932 in 2012 to kEUR 22,821 in 2013. Measured in RMB, the functional currency of Haikui, revenue for canned products increased marginally by approximately kRMB 1,545 or 0.8% from kRMB 186,281 in 2012 to kRMB 187,826 in 2013. The overall increase in canned products volume resulted in an increase of revenue by approximately kRMB 27,011 or 14.5% offset by the decrease in average selling price which resulted in a decrease of revenue by approximately kRMB 25,466 or 13.7%.

Gross margin for canned products decreased by approximately 11.1 percentage points from 24.9% in 2012 to 13.8% in 2013 mainly due to newly introduced can size products sold at low prices as part of the Company's promotional efforts. In addition, stronger market competition has led to an increase in raw material costs and the Company had to lower selling prices as a result of increased competition. As a result the decline in gross margin for canned products is higher compared to frozen products.

4.3 Financial position

4.3.1 Principles and objectives of financial management

Haikui strives to maximise the financial interest of its stakeholders through sound and efficient financial management involving the necessary financial and liquidity planning. This is especially essential to Haikui as working capital is an integral part of its business.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Management Board reviews and agrees policies for managing each of these risks on a regular basis. It is the Group's policy not to trade in derivative contracts.

4.3.2 Capital structure

The Management Board reviews the capital structure on an annual basis. As part of this review, the Management Board considers the cost of capital and the risk associated with each class of capital. The Management Board will balance the Group's overall structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

The share capital of Haikui Seafood AG amounts to EUR 10,276,000 and is divided into 10,276,000 no par value bearer shares with a notional value of EUR 1.00 each. There was no issuance of new shares, shares splits or shares consolidation for the financial year ending December 31, 2013.

The Company does not have any share based compensation program.

On December 23, 2013, the Company secured a USD 25.0 million (approximately kEUR 18,158) long-term loan from Deutsche Investitions- und Entwicklungsgesellschaft mbH ("DEG") to finance the planned seafood processing factory (also see 3.1). The loan will be disbursed based on the progress of the construction. As at December 31, 2013, we have not yet received any disbursement as the first disbursement is scheduled to be drawn in the second quarter of 2014. Interest will be paid on the disbursed amount of the loan at an aggregate floating interest rate of the six months LIBOR rate plus a 4% margin per annum. Beginning March 15, 2016 every six month USD 2.5 million will be repaid. Full repayment is scheduled to be completed by September 15, 2020.

The total borrowings as at December 31, 2013 refer to loans granted by the World Bank and amounted to approximately kEUR 2,006 (December 31, 2012: kEUR 2,317) and bear floating interest rates ranging from 0.77% to 0.98% (December 31, 2012: 0.73% to 1.03%) per annum. Other borrowings were granted on July 31, 1998 and are repayable as follows:

- Tranche A – over 15 years in equal instalments of USD 105,309 per annum commencing July 31, 2003; and
- Tranche B – over 13 years in equal instalments of USD 199,564 per annum commencing July 31, 2005.

Full repayment is scheduled to be completed by July 31, 2018.

The debt to equity ratio as at December 31, 2013 was 1.3 (December 31, 2012: 1.6)[1].

4.3.3 Capital expenditures

The table below shows the cash flows from capital expenditure for 2013 compared to the capital expenditure for 2012:

kEUR	2013	2012	Change in %
Purchase of plant and equipment	325	1,300	(75.1)
Prepayment for the land use rights	9,356	–	n.m.
Total	**9,681**	**1,300**	**>100**

On December 23, 2013 Fujian Haikui secured land use rights of 1000 mu (approximately 66 ha) at Dongshan Marine Biotechnology Industrial Park to construct the new seafood processing factory. The purchase price amounts up to RMB 110,000/mu (approximately EUR 13,068/mu) and will be paid in two instalments. kRMB 77,000 (approximately kEUR 9,148) were paid in 2013 after contract signing and are presented as other non-current assets in the consolidated statement of financial position as of December 31, 2013. The remaining amount of kRMB 33,000 (approximately kEUR 3,920) is payable latest by the end of June 2014.

1 Debt to equity ratio = other borrowings / total equity * 100.

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

kEUR	2013	2012
Contracted and not provided for in the financial statements		
Capital expenditure	911	981
Lease prepayments for the land use right	3,920	–

4.3.4 Liquidity

The table below shows the cash flows for the financial year 2013 compared to the cash flows for the financial year 2012:

kEUR	2013	Restated* 2012	Change in %
Operating cash flow before working capital changes	17,546	45,545	(61.5)
Cash flows from operating activities	11,374	25,569	(55.5)
Cash outflows from investing activities	(9,499)	(1,138)	>100
Cash outflows from financing activities	(546)	(224)	>100
Net increase in cash and cash equivalents	**1,329**	**24,207**	**(94.5)**
Effects of currency translation	(453)	(959)	(52.7)
Cash and cash equivalents at the beginning of the year	48,938	25,690	90.5
Cash and cash equivalents at the end of the year	**49,814**	**48,938**	**1.8**

* Certain amounts shown here do not correspond to the consolidated financial statements for the period January 1 to December 31, 2012 and reflect adjustments made in accordance with IAS 8.14(b) as detailed in Note 2 to the consolidated financial statements

Overall cash and cash equivalents increased by approximately kEUR 876 or 1.8% from kEUR 48,938 as at December 31, 2012 to kEUR 49,814 as at December 31, 2013.

The increase was mainly due to cash flow generated from operations offset by cash outflow from investing activity associated with capacity expansion in line with the Company's strategy. The Company was able to meet all its payment obligations.

Operating cash flow decreased by approximately kEUR 14,195 or 55.5% from kEUR 25,569 in 2012 to kEUR 11,374 in 2013 mainly due to lower profits generated in 2013 compared to 2012.

Cash outflow from investing activities increased by approximately kEUR 8,361 from kEUR 1,138 in 2012 to kEUR 9,499 in 2013 mainly due to prepayment made for the land use rights.

Cash outflow from financing activities increased by approximately kEUR 322 from kEUR 224 in 2012 to kEUR 546 in 2013.

4.3.5 Net assets

The following table shows the consolidated statement of financial position as at December 31, 2013 compared to the consolidated statement of financial position as at December 31, 2012:

kEUR	Dec 31, 2013	Restated* Dec 31, 2012	Change in %
Non-current assets	27,679	17,168	61.2
Current assets	131,888	138,428	(4.7)
Total assets	**159,567**	**155,596**	**2.6**
Non-current liabilities	1,735	2,036	(14.8)
Current liabilities	2,434	6,891	(64.7)
Total liabilities	**4,169**	**8,927**	**(53.3)**
Total equity	155,398	146,669	6.0
Total liabilities and equity	**159,567**	**155,596**	**2.6**

* Certain amounts shown here do not correspond to the consolidated financial statements for the period January 1 to December 31, 2012 and reflect adjustments made in accordance with IAS 8.14(b) as detailed in Note 2 to the consolidated financial statements

The Group's total equity as of December 31, 2013 increased by approximately kEUR 8,729 or 6.0% from kEUR 146,669 as at December 31, 2012 to kEUR 155,398 as at December 31, 2013 primarily due to profits generated during the financial year offset by exchange differences on translating foreign operations amounting to kEUR 1,503 which is reflected in the decrease of the currency translation reserve from kEUR 13,060 as at December 31, 2012 to kEUR 11,557 as at December 31, 2013.

4.3.5.1 Non-current assets

Non-current assets consist of property, plant and equipment, lease prepayments for land use rights, prepayments for land use rights, long-term advances to suppliers, deferred tax assets and goodwill. Non-current assets increased by approximately kEUR10,511 or 61.2% from kEUR 17,168 as at December 31, 2012 to kEUR 27,679 as at December 31, 2013 mainly due to increase in long term advances made to suppliers under our framework supply agreements and prepayment made for land use rights (also see 3.1).

4.3.5.2 Current assets

Inventories comprise raw materials, packaging materials and other consumables (including seasoning ingredients such as tomato sauce, oil, sugar and salt, as well as items such as disposable gloves and masks). Inventories increased by approximately kEUR 5,581 or 14.7% from kEUR 37,995 as at December 31, 2012 to kEUR 43,576 as at December 31, 2013 mainly due to the increase in purchase of raw materials during the end of the year and more stringent quality checks by CIQ which subsequently led to a slowdown in export shipment due to longer inspection time.

Trade receivables comprise claims against customers for outstanding payments and other receivables such as claims for value added tax ("VAT") rebates. The maximum credit period on sales of goods was 100 days in 2013 (2012: 90 days). Trade and other receivables decreased by approximately kEUR 13,693 or 31.4% from kEUR 43,546 as at December 31, 2012 to kEUR 29,853 as at December 31, 2013 mainly due to faster collection during the year end and lower sales during Q4 2013.

Other current assets comprise current prepayments, short term advances paid to suppliers, deferred expenses and deposits. Other current assets increased by approximately kEUR 696 or 8.8% from kEUR 7,949 as at December 31, 2012 to kEUR 8,645 as at December 31, 2013. The increase was mainly due to short term advances to raw material suppliers.

Cash and cash equivalents comprise cash on hand and cash deposited in banks. Cash and cash equivalents increased by approximately kEUR 876 or 1.8% from kEUR 48,938 as at December 31, 2012 to kEUR 49,814 as at December 31, 2013. A more detailed discussion on "Cash and cash equivalents" could be found in 4.3.4 "Liquidity" of this report.

4.3.5.3 Non-current liabilities

Non-current liabilities comprise of the borrowings received from the World Bank, which are denominated in United States Dollar. The loans are administered by the local PRC government under the World Bank's program to support aquaculture activities.

Non-current liabilities decreased by approximately kEUR 301 or 14.8% from kEUR 2,036 as at December 31, 2012 to kEUR 1,735 as at December 31, 2013. This was mainly due to principle repayments made during the financial year. The debt-to-equity ratio as at December 31, 2013 was 1.3 (December 31, 2012: 1.6).

4.3.5.4 Current liabilities

Income tax liabilities relate to provisions for income taxes for the financial year 2013. Income tax liabilities decreased by approximately kEUR 3,468 or 88.2% from kEUR 3,932 as at December 31, 2012 to kEUR 464 as at December 31, 2013. This was mainly due to lower taxable income for the financial year 2013 compared to 2012.

As at December 31, 2013 financial liabilities comprise of the current portion of other borrowings received from the World Bank. Financial liabilities decreased by approximately kEUR 10 or 3.6% from kEUR 281 as at December 31, 2012 to kEUR 271 as at December 31, 2013 mainly due to translation exchange differences.

Trade payables comprise mainly outstanding amounts due to suppliers of raw materials and outsourced products. As at December 31, 2013, the trade payables decreased by approximately kEUR 1,118 or 98.7% from kEUR 1,133 as at December 31, 2012 to kEUR 15. This was mainly due to delayed repayments made to suppliers during 2012.

Other current liabilities comprise accruals (including provisions for audit fees, tax agent fees) and payables due to directors and related parties. As at December 31, 2013, other current liabilities amounted to kEUR 1,684 (December 31, 2012: kEUR 1,545).

4.3.5.5 Equity

Total equity increased by approximately kEUR 8,729 or 6.0% from kEUR 146,669 as at December 31, 2012 to kEUR 155,398 as at December 31, 2013 and equity to total assets ratio[1] increased from 94.3% as at December 31, 2012 to 97.4% as at December 31, 2013 mainly due to the increase in retained earnings.

Currency translation reserve shown in equity amounted to kEUR 11,557 (December 31, 2012: kEUR 13,060) representing 7.4% (December 31, 2012: 8.9%) of the Group's net equity. The decrease in currency translation reserves was due to the weakening of the RMB against the EUR of approximately 0.8% (closing rate as at December 31, 2013: RMB/EUR 0.1188; closing rate as at December 31, 2012: RMB/EUR 0.1198).

4.4 Non-financial key performance indicators

4.4.1 Supply and sourcing aspects

The raw seafood is sourced from regional suppliers located close to Haikui's processing facilities in Dongshan Island, China. The raw seafood used in Haikui's products originates both from capture fishing and aquaculture. As at December 31, 2013, Haikui has entered into framework agreements for the supply of raw seafood with 76 suppliers (2012: 72). These framework agreements provide Haikui with a strong supply base, including priority rights regarding the purchase of the raw seafood and price discounts.

4.4.2 Human resources

Haikui employed an average of 1,722 employees, including 650 permanent workers and 1,072 temporary contract workers for 2013 compared to an average of 2,131 employees, including 668 permanent workers and 1,463 temporary contract workers for 2012. There are no employees for Haikui Seafood AG.

Number of employees	2013	2012
Finance, accounting and administration	112	110
Sales and procurement	69	67
Research and development	21	17
Production and quality assurance	448	474
Total permanent employees	650	668
Temporary contract workers	1,072	1,463
Total employees and temporary contract workers	1,722	2,131

Haikui continues to strengthen its management and administration through further hires of qualified employees.

During 2013, Haikui has strengthened its sales and procurement team. Haikui has also strengthened its R&D team as the Company places strong emphasis on research and development to develop new products and further improve the quality of its products.

The total number of employees decreased by 409 employees from 2,131 employees for 2012 to 1,722 employees for 2013 mainly due to lower production in 2013.

4.4.3 Customers relationships

Haikui sells its products to both international and domestic distributors. The Company does not enter into long term supply agreement with its customers. Sales are usually made based on orders received from the respective customers or buying agents, which will then be executed by Haikui by delivering the products to the respective customer.

International sales are usually made to international distributors of processed seafood, which may also include food processing companies which purchase primary processed seafood products from Haikui and sell it after further processing. For the financial year 2013, international sales accounted for 89.4% of Haikui's total revenue (2012: 83.0%).

Orders for sales to international distributors are typically made by buying agents on behalf of international distributors. The buying agents receive commission payments from the international distributors. In a typical transaction, a buying agent contacts a number of seafood processing companies such as Haikui and places orders for certain products on behalf of the international distributors based on prices, availability and the quality of products offered. Even though Haikui delivers its products directly to the international distributors, there is often no established customer relationship between Haikui and the international distributors and the international distributors can choose from a range of potential seafood companies to purchase the products they need. Based on the order received through a buying agent, Haikui will produce and dispatch the ordered goods to the distributor, which will also be responsible for paying Haikui's invoice directly to Haikui.

Domestic sales are usually made to Chinese distributors, which for the most part re-sell the products under the Haikui brand, either directly to supermarkets, to other retail chains, or to other distributors further down the distribution chain. For the financial year 2013, domestic sales accounted for 10.6% of Haikui's total revenue (2012: 17.0%).

4.4.4 Environmental aspects

The Chinese government has imposed a number of restrictions in certain months on certain methods of capture fishing in the waters surrounding China to ensure sustainable aquatic resources. For example, from May 1 to August 1 of each year capture fishing is almost entirely prohibited. These restrictions severely limit Haikui's ability to source raw seafood from capture fishing during these periods, essentially requiring Haikui to rely on supplies of raw seafood from aquaculture resources and inventory on hand during these periods. Besides this, Haikui employs a large number of temporary contract workers so as to manage cost during the fishing restriction period.

5. Net assets, financial position and results of operations of Haikui Seafood AG

The following discussion compares the development in the financial year 2013 with the figures from the financial year 2012.

The amounts referring to the financial statements of Haikui Seafood AG were prepared in accordance with the German Commercial Code ("HGB").

5.1 Results of operations

The following analysis relates mainly to 2013 figures:

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012	Change in %
Other income	99	–	n.m.
Administrative expenses	(773)	(732)	5.6
Other operating expenses	–	(819)	n.m.
Profit from operations (EBIT)= Profit before income tax/ profit for the year	**(674)**	**(1,551)**	**(56.5)**

Other income comprises mainly reversal of over accrued Annual General Meeting ("AGM") expenses, which are related to 2012.

Administrative expenses comprise mainly professional fees and Supervisory Board fees. The increase in administrative expenses by approximately kEUR 41 or 5.6% from kEUR 732 in 2012 to kEUR 773 in 2013 was mainly due to higher costs of being a listed company.

In 2012, other operating expenses comprise mainly of expenses incurred during the initial public offering which did not occur in 2013.

5.2 Liquidity

The cash available as at December 31, 2013 amounts to kEUR 9. Movements in liquid funds can be analysed as follows:

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012	Change in %
Loss before tax	(674)	(1,551)	(56.5)
Transaction costs	–	708	n.m.
Increase in other payables and accruals	19	264	(92.8)
Cash outflows from operating activities	**(655)**	**(579)**	**13.1**
Inflow from issuance of new shares	–	2,760	n.m.
Outflow from transaction costs	–	(708)	n.m.
Increase /(decrease) in payables due to subsidiary	587	(1,499)	n.m.
Cash flows from financing activities	587	553	6.1
Decrease in cash and cash equivalents	(68)	(26)	>100
Cash and cash equivalents at the beginning of the year	77	103	(25.2)
Cash and cash equivalents at the end of the year	**9**	**77**	**(88.3)**

5.3 Net assets

kEUR	Dec 31, 2013	Dec 31, 2012	Change in %
Investment in subsidiary	10,000	10,000	n.m.
Cash and bank balances	9	77	(88.3)
Total assets	**10,009**	**10,077**	**(0.7)**
Other payables and accruals	341	322	5.9
Payables due to subsidiary	741	154	>100
Total current liabilities	**1,082**	**476**	**>100**
Total equity	8,927	9,601	(7.0)
Total liabilities and equity	**10,009**	**10,077**	**(0.7)**

The statement of financial position of Haikui Seafood AG shows a net equity of kEUR 8,927 as at December 31, 2013. (2012: kEUR 9,601)

The investment in subsidiary amounts to kEUR 10,000 (2012: kEUR 10,000) and refers to the investment in Haikui Seafood Pte Ltd.

Other payables and accruals comprise mainly of accruals made for costs relating to the preparation and audit of the annual financial statements and the consolidated financial statements as well as costs in respect of the AGM for the financial year 2013. Other payables and accruals increased by approximately kEUR 19 or 5.9% from kEUR 322 in 2012 to kEUR 341 in 2013 mainly due to the slower payment for the fees for professional services.

Payables due to subsidiary relate to Haikui Seafood Pte Ltd. The liabilities arise from short-term advances, which are granted for the purpose of financing the operations of Haikui Seafood AG. Payables due to subsidiary increased by approximately kEUR 587 from kEUR 154 in 2012 to kEUR 741 in 2013 mainly due to advances paid from its subsidiary during 2013.

6. Report on post-balance sheet date events

On February 15, 2014, the Group entered into a contract for ground levelling on the ground use rights in Dongshan in preparation for the construction of the new factory. The value of the contract amounts to kEUR 11,007. The ground levelling project is expected to be completed within 120 days from commencement of work.

Other than the above, there were no significant events that took place subsequent to the reporting period as at the date of this report

7. Report on expected developments

The following statements on the future development and performance of Haikui and the key underlying assumptions concerning market and industry developments are based on assessments which Haikui considers realistic on the basis of the information currently available. They nevertheless involve a degree of uncertainty and an unavoidable risk that forecast developments may not actually occur, either in the general pattern or to the extent anticipated.

7.1 Future business environment

According the OECD-FAO Agricultural Outlook 2013 – 2021 published by Organisation for Economic Cooperation and Development, the world fisheries production is projected to reach 181 million tonnes output by 2022, a growth of 18% above the average level for 2010 – 2012. The higher production cost for the fish sector is expected to enter into a decade of higher prices due to growing prices of fishmeal, fish oil and other feeds.

Competition in the seafood industry is expected to intensify with many new market entrants and with existing players in the industry with upgraded facilities and expanded capacities. The Chinese government's focus to grow the seafood industry coupled with strong growth in demand and growing profit levels has attracted new entrants to the industry. Rising per capita incomes have also created new markets for high quality products.

With the increasing purchasing power of the Chinese middle class and rising health awareness, the demand for seafood products is expected to continue growing. More importantly, as lifestyles become more hectic, the demand for convenience food such as processed seafood is expected to be stronger compared to fresh seafood. Haikui believes this phenomenon is not confined to China alone but could be similarly observed in other countries as well.

The main challenge of the seafood industry is balancing future demand and supply sustainability. It will be important to maintain biodiversity and the ecosystem while meeting the growing future demand. Therefore Haikui will be playing its part as a responsible seafood processor through responsible sourcing and investing in research and development to increase the yield of its raw materials.

7.2 Future development of Haikui Seafood Group

The Group's future growth is driven by the pursuit of its growth strategy, which comprise of geographical expansion and capacity expansion.

To position the Group for future growth, Fujian Haikui will begin its construction of new production facilities on Dongshan Island in 2014. The new factory will be equipped with advanced equipment to automate and streamline certain processing steps and is expected to increase its current production capacity and efficiency substantially. After having completed the detailed planning and the groundwork for the new processing facility within the second quarter, construction start is planned for the third quarter of 2014. Completion will take about 1.5 years with contributions from the new facility foreseen for 2016. Hence, no contribution is expected from the planned investments in 2014 and 2015. However, this may be affected if delays and complications are encountered during the construction and financing process.

With raising health awarness and hectic lifestyle, and as people become more aware of food safety issues. Haikui being a reputable manufacturer of high quality processed seafood believes that demand for its product will grow.

The Group also aims to capture greater market share in China by appointing experienced regional distributors in China to distribute its Haikui-owned brand of products. Since it takes time to develop products tailored to meet consumers' taste and preference, build up brand awareness and distribution network, the results from the Group's efforts to penetrate the Chinese market may only be experienced in the medium to longer term.

The Group intends to leverage on its export accreditation and reputation in the export market to secure new customers and strengthen its relationship with existing customers to remain competitive in this competitive environment.

The Group also intends to hire more qualified R&D personnel and invest more into R&D in 2014. The R&D department would focus on the extraction of chemical compounds from the by-products which would be produced in the new factory when it is ready in 2016.

The outlook for 2014 takes into account the on-going competitive environment amidst a weak global economy, the more stringent inspection taken by the Chinese authorities to inspect the end product quality of Chinese seafood exporters, the tight supply of certain raw materials (e.g.: prawns) and rising direct labor costs. Despite the tough market conditions, the management does not foresee further severe adverse deterioration in market conditions. The management believes that with the experiences gained in 2013 it should be able to navigate through the tough market conditions better in 2014.

Based on these assumptions management expects revenue in RMB terms for 2014 to increase by at least 5%-10% compared with 2013 despite revenue for Q1 2014 expected to be lower compared to Q1 2013. Given the tough market conditions and the expected increase in cost of materials, gross margin is expected to be lower compared to the prior year with an EBIT margin in the range of 11% to 13%.

The outlook of 2014 takes into account events known at this time that could influence the business development of the Group. However, political and economic uncertainties over which the Group has no influence could result in the actual outcome that may differ from the forecasts.

7.3 Future development of Haikui Seafood AG

As Haikui Seafood AG is a holding company for Haikui Seafood Group with its main operations and business in the PRC, the future development of Haikui is highly dependent on the world economy and expectations and perspectives of the operations in PRC as discussed above. Without considering potential dividend payments from its subsidiary, Haikui expects to incur losses, resulting mainly from administrative expenses incurred as a listed entity and expects cash flow to finance by advances from its subsidiary or from future fund raising.

8. Report on opportunities and risks

8.1 Report on opportunities

The Group essentially derives its opportunity management from the goals and strategies of the business segments and ensures an appropriate relationship between opportunity and risk. Direct responsibility for the early and regular identification, analysis and management of opportunities rests with the Management Board. The Group occupies itself intensively with analyses of the market and competition, relevant cost drivers and critical success factors, including those in the political environment in which the Group operates. In decision-making, the Management Board relies on an opportunity-oriented approach but does not neglect risks. The Management Board believes the Chinese seafood processing industry in general and that the Group is well position to enjoy reasonable growth rates in the future. The Group considers the following factors as key success drivers:

8.1.1 Opportunities arising from the business development strategy of the Group

The market for seafood products has grown significantly over the years and the Group expects this growth to continue in the foreseeable future. In order to take advantage of this growth, it intends to:

- Increase production capacity
- Expand product portfolio offering
- Increase brand awareness and market share in China
- Further penetration of overseas market

Increase production capacity

The Group intends to increase its production capacity through the construction of a new factory on Dongshan Island with advanced equipment and automation to better streamline certain processing steps. Apart from addressing potential capacity constraint, the new factory equipped with modern machinery will help to increase productivity and efficiency.

On December 26, 2013, Fujian Haikui has successfully signed an agreement regarding the acquisition of land use rights with the local authorities in Dongshan, paving the way for the construction of its new production site. The acquired land is located in the Dongshan Marine Biotechnology Industrial Park, Dongshan Island, Fujian Province, and has a total size of 1,000 mu (approximately 667,000 square meters).

Expand product portfolio offering

The Group intends to continue developing new products to meet the increasing demand for seafood products. Through its newly incorporated subsidiary, Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd, the Group intends to eventually conduct research on the extraction of chemical compounds from marine processing by-products. It is envisaged that the extraction of such chemical compounds shall be eventually performed and distributed by its newly incorporated subsidiary Fujian Haikui Aquatic Products Technology Co., Ltd for use as food supplements.

In the mid- to long-term, the Group also plans to invest in the research and development of aqua-farming technologies and cultivation of fries (such as baby shrimps, tilapias etc.) to better control the quality of the raw materials. It is envisaged that these activities shall be eventually carried out by its newly incorporated subsidiary, Fujian Kehai Aquaculture Co., Ltd.

Increase brand awareness and market share in China

The Group intends to appoint more distributors in China to sell its own branded products. Additionally, it intends to raise brand awareness in China by conducting marketing campaigns in partnership with its Chinese regional distributors.

Although some regional distributors in China were appointed in August 2012, the Management Board is cognisant that it will take some time to tailor its products to meet the taste and preferences of the Chinese consumers, create brand awareness as well as to develop the distribution network within China. Accordingly, the results of its efforts to penetrate the Chinese market may only be experienced in the medium- to longer-term period.

Further penetration of overseas market

Even though the Group may appear to have looked inwards into China by implementing strategies to penetrate the Chinese market, it does not however mean it would forsake its traditional core exports market. The Group intends to continue strengthening its presence in the United States and European markets and attracting new customers through participations in trade fairs and leveraging on its export accreditations. Furthermore, it intends to enhance its presence in Taiwan by benefiting from the close proximity between Taiwan and Dongshan, and the warming political relationship between China and Taiwan.

8.1.2 Opportunities arising from the economic development in China and the Dongshan Region

The growth of an urbanisation professional middle class in rapidly urbanising areas will trigger higher consumption demand for convenience food products such as processed seafood. Increasing living standards and disposable income supported by further growth in China's GDP as well as rising health awareness would lead to changing consumer patterns and an increase in the demand for seafood from producers with stringent quality management systems and high safety standards such as Haikui.

With improved relations between China and Taiwan and its close proximity to Fujian Haikui's location, Taiwan represents another growing market for its products. Hence, the Company believes demand for its products would continue to be strong, going forward.

Upon completion of the Dongshan Economic and Technological Development zone that would enable deep-sea fishing vessels to dock at the harbour, the supply of seafood would increase which is important to the growth of the Group's business. Additionally, the zone would offer Fujian Haikui greater variety of marine species that are not available from coastal waters.

8.2 Report on risks

8.2.1 Risk management system

Taking opportunities and being able to recognise risks, analyse them and reduce them with appropriate strategies are important elements of the Group's operating activities. Haikui defines risks as the possible occurrence of internal and external events, which may adversely affect the achievement of short-term or strategic goals. Systematic risk management is an on-going task for the Management Board and for the management of each field of responsibility. However, even an appropriate and functioning risk management system cannot guarantee any absolute certainty. Haikui has established a risk management system pursuant to Section 91 of the German Stock Corporation Act, which should also operate as Haikui Seafood AG's early risk warning system, which comprises the following issues.

The management of the Company is based in Dongshan Island and is actively involved in its daily operations. Market risk and competition are observed and managed through close working relationships with our customers and suppliers. The management also observes risk indicators in the economic and socio-political environment. Risks are assessed on their probability of materialization and their impact to our business.

In 2013, the Management Board had defined Group-wide principles and rules of behavior as well as guidelines for systematic and effective risk management.

The risk management system consists of the following elements:

- a Group-specific handbook on risk management,
- persons responsible for risk management,
- risk map with risk assessment, and
- regular risk reporting.

Risk management shall be structured in a way that allows early detection, analysis and control for communication to the Supervisory Board by the Management Board. If a risk can be reliably held in check by effective and appropriate measures, the focus of consideration will be on the residual risk. The Supervisory Board will be briefed by the Management Board on a regular and timely basis. In accordance with a Group-wide rule, transactions and measures of particular importance and scope require the approval of the Management Board and, in special cases, of the Supervisory Board, too.

8.2.2 Risks

8.2.2.1 Demand risks

The Group's continuing growth and success depends in part on the popularity of its products. A failure to adapt to market trends or changes in consumer preferences might quickly lead to loss of market share to competitors. In addition, the sale of processed seafood products depends on the economic conditions, disposable income and consumer confidence in the countries in which the Group's product are being sold, all of which can affect discretionary consumer spending in these countries. If the Group is unable to adapt its product portfolio to market demands, or if the demand decreases due to general economic conditions, the Group's business, financial condition and results of operations could be materially adversely affected.

In addition, during the year under review, the Group sold large quantities of its products to a limited number of major customers. The largest five customers of the Group accounted for 37.6% of our revenues in 2013 and 35.5% in 2012.

As the Group does not enter into any long-term supply agreements with its customers but delivers its products based on purchase orders from its customers, there can be no assurance that the major customers of the Group will not change or that certain major customers will not cease placing purchase orders in the future. In addition, in terms of export sales to countries outside of Asia, the Group mainly distributes its products through buying agents which contact the Group after receiving orders from international seafood distributors. In a typical transaction, a buying agent contacts a number of seafood processing companies and fills the orders of its international distributor customers based on price, availability and quality of products offered. Even though the Group delivers its products directly to these international seafood distributors, there is no established customer relationship between the Group and the international seafood distributors and these distributors can choose from a range of potential seafood processing companies to purchase the products they need.

As a result, the Group's relationship with its customers directly and with its international customers through buying agents largely depends on its ability to constantly meet customer requirements, including in particular, price competitiveness, short turnaround times for product deliveries, and consistent quality of its products. If the Group is unable to meet such requirements in the future, even for short periods of time, its customers and buying agents with which it cooperates could reduce their purchases from the Group or cease to purchase from the Group completely. If the Group is unable to replace any or all of these sales, its business, financial condition and results of operations could be materially adversely affected.

8.2.2.2 Supply risks

The Group's business depends on the supply of fresh and quality raw seafood from suppliers for its processing and any disruptions or restrictions leading to a shortage in the supply or deterioration in the quality of raw seafood would adversely affect its business, financial condition and results of operations.

Governmental regulations and policies restricting capture fishing may adversely affect the Group's business, financial condition and results of operations. The shortage in the supply of or increase in the demand for raw seafood may lead to an increase in prices of raw seafood. Any increase in prices of raw seafood sourced from third parties which cannot be passed on to the Group's customers could reduce the Group's operating profit and in turn materially adversely affect its business, financial condition and results of operations.

8.2.2.3 Environmental risks

The outbreak of disease or widespread contamination in any of the Group's raw materials due to fishing restrictions, pollution at the aquaculture farms, and/or capture fishing areas may have an adverse impact on the supply of raw materials available for the Group's processing. Such contamination may also be caused by unforeseen catastrophes like nuclear incidents, leakages at oil rigs, or the sinking of transport ships carrying environmentally hazardous materials. The reduction in the supply of raw materials for the Group's products would result in the Group having to seek other, possibly more costly, supplies of raw materials which also may not readily be available. In addition, any outbreak of disease or widespread contamination of the Group's raw materials may lead to a loss in customer confidence and reduce the demand for the Group's products.

8.2.2.4 Health and hygiene compliance risks

The Group's ability to export products to certain markets is subject to Haikui's renewing and/or maintaining the necessary certifications, such as the Hazard Analysis and Critical Control Points ("HACCP") certification and the European Union Registered Exporter of Seafood Products which are certifications for the export of fishery and aquaculture products to the United States and to the European Union. The HACCP certification is required to be renewed annually, compliance with the requirements for the certification as a European Union Registered Exporter of Seafood Products will be randomly checked. The renewal of these certifications is subject to the approval of the accreditation organisations upon re-examination of the Group's qualifications.

In addition the Group's products are also subject to regular quality inspections carried out by CIQ and the Administration of Quality Supervision, Inspection and Quarantine of the PRC ("AQSIQ"). These inspections cover food preparation, production and processing operations, as well as health checks of the employees.

In the event that the Group fails to meet the required health and hygiene standards set forth by the CIQ and the AQSIQ, and renew and/or maintain these certifications, it may result in a loss of customers as a result of the inability of the Group to sell products in certain jurisdictions and the decline in consumer confidence in its products, thereby causing a material adverse effect on the Group's business, financial condition and results of operations.

8.2.2.5 Foreign currency risks

The consolidated financial statements of the Group are prepared in Euro; while Fujian Haikui's functional currency is RMB. RMB, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions. A weakening or devaluation of the RMB against the Euro could therefore have a significant adverse effect on the currency translation and the Group's equity. As the value of the RMB is currently controlled by the PRC government, it is also possible that the foreign exchange policy of the Chinese government could have a significant adverse impact on currency exchange rates, e.g. between the RMB and the Euro or the RMB and the USD. Therefore, we believe that currency fluctuations could have a significant adverse impact on the Group's consolidated financial statements.

Furthermore the Group has transactional currency exposures arising from sales in USD. For the financial year ended December 31, 2013, approximately kEUR 105,211 (2012: kEUR 161,948) of the Group's sales were denominated in USD.

The Group has also bank balances, trade receivables and loans denominated in USD and accordingly, the Group's consolidated financial statements can be affected by movements in the USD exchange rates.

The Group has not entered into any derivative instruments for hedging or trading purposes.

8.2.2.6 Credit risks

The carrying amounts of cash and bank balances, trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheet are not impaired due to its good collection track record.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

8.2.2.7 Insufficient financing capabilities

The cash and cash equivalents as at December 31, 2013 may not be sufficient to finance the Group's planned capacity expansion and additional working capital requirements. In order to finance its growth strategy, Haikui may have to raise additional capital in the future through debt or equity offerings. Taking into account the ongoing European debt crisis, the volatile capital markets situation, and the rather deteriorating conditions under which banks may be willing to grant loans to companies in the European Union and possibly also in China, the Group cannot be certain that suitable financing will be available on acceptable terms.

8.2.2.8 Construction project management

The Group may not have the sufficient manpower or experience to oversee the construction of the new factory resulting in construction delays and cost overrun. Besides this, there may be risk of unfair selection of vendors for the construction which may result in higher cost and/or poor construction quality.

8.2.2.9 Risks specific to Haikui Seafood AG

Haikui Seafood AG is a holding company without any operating business of its own. Haikui Seafood AG's assets are mainly located in China. Accordingly, it faces risks related to the political, social and legal environment of the PRC. Those risks include inherent uncertainties and inconsistencies in the country's legal system including national taxation laws, a potential destabilisation of the political and/or economic system and PRC regulations pertaining to loans and capital investments by offshore parent companies delaying or preventing Haikui Seafood Group from using proceeds generated outside the PRC for investments in the PRC.

Current PRC regulations permit the payment of dividends only out of accumulated profits determined in accordance with Chinese accounting standards and regulations. In addition, a subsidiary of a foreign company, if it constitutes a foreign-invested entity under PRC law, is required to set aside at least 10% of its after-tax profits each year to fund a statutory reserve fund until such reserves in aggregate reach 50% of its registered capital. Furthermore, foreign-invested entities may be required to set aside a portion of their after-tax profits to fund an employee welfare fund in an amount which lies within the discretion of the subsidiary's board. These reserves are not distributable as cash dividends.

Under PRC foreign exchange rules and regulations, payments of current account items, including profit distributions and operating-related expenditures, may be made in foreign without prior approval but are subject to procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. These transactions must be approved by and/or registered with the State Administration of Foreign Exchange ("SAFE") or its local counterparts, and repayment of loan principal, distribution of return on direct capital investment and investments in negotiable instruments are also subject to restrictions.

Should the PRC subsidiary of Haikui Seafood AG be, or become, restricted and/or legally prohibited from and/or unable to pay dividends or other distributions outside of China, this could have material adverse effects on Haikui Seafood AG's financial condition.

8.2.3 Assessment of overall risk situation

The main potential risks to the future development of the Group are posed in particular by risks arising from the availability of raw materials and working capital. Taking into account all the circumstances of which the Group is aware, there is no group- or industry-specific risk that could individually or in conjunction with other risks have a lasting and material adverse influence on the net assets, financial position and results of operations of the Group. Future opportunities have not been considered in assessing the overall risk. In terms of organisation, all the conditions for being able to recognise possible opportunities and risks in good time have been fulfilled.

9. Internal control and risk management system relevant for the consolidated financial reporting process (Section 315 Para. 2 No. 5 of the German Commercial Code – HGB)

The Group accounting-related internal control systems comprise the objectives, measures and methods used to ensure appropriate accounting. The internal controls are reviewed regularly and are continuously refined to ensure timely, uniform and accurate accounting for all business processes and transactions. It aims to ensure that the consolidated financial statements of the Group are prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, as well as the regulations under commercial law as set forth in Section 315 Para. 2 No. 5 of the German Commercial Code – HGB.

Finance department manages the process of the Group's accounting and management reporting. Laws, accounting standards and other pronunciations are continuously analysed as to whether and to what extent they are relevant and how they impact on financial reporting. Finance department also ensures that these requirements are complied with consistently throughout the Group and that the consolidated financial statements as well as the quarterly interim financial information are prepared and audited or reviewed according to the published financial calendar. To achieve these aims, finance deparment is supported by external advisors.

The internal controls are integrated in the accounting process. The accounting related internal control systems comprised of both preventive and detective controls which includes, segregation of duties and dual checking principle in order to ensure high quality accounting relating internal control systems. The consolidated financial statements as well as the quarter interim financial information also have to be approved by the Management Board.

10. Remuneration report

10.1 Management Board remuneration

According to section 87, para. 1, and section 107, para. 3, sentence 3 of the German Stock Corporation Act, the Supervisory Board is responsible for determining the Management Board's remuneration. The remuneration for the Company's Management Board is based both on the size and the area of activity, as well as on the financial status of Haikui Seafood AG. The remuneration for the Management Board contains a non-performance based component for a period of 13 months a year and a financial performance bonus components based on net profit targets.

The Management Board members received the following remuneration for the financial year 2013:

kEUR		Fixed	Bonus	Defined contribution pension plans	Total
Mr. Zhenkui CHEN	2013	123	13	1	137
	2012	84	161	1	246
Mr. Zhenping HUANG	2013	72	8	1	81
	2012	50	68	1	119
Mr. Alan GEY	2013	108	9	8	125
	2012	107	113	8	228
Total	**2013**	**303**	**30**	**10**	**343**
	2012	241	342	10	593

10.2 Supervisory Board remuneration

Remuneration of the Supervisory Board shall be set at the AGM and regulated in the Articles of Association of Haikui Seafood AG. In accordance with the Articles of Association, the General Shareholders Meeting of the Company has determined the annual gross compensation for each ordinary member of the Supervisory Board to be EUR 30,000 per annum, EUR 45,000 per annum for the Deputy Chairman and EUR 60,000 per annum for the Chairman of the Supervisory Board. If a person is a member of the Supervisory Board for only part of a financial year, compensation is determined for a proportionate period of time. In addition to their base salary, members of the Supervisory Board whose place of residence is Europe shall be granted a remuneration of EUR 1,500 for attending meetings of the Supervisory Board in Europe, and a remuneration of EUR 4,000 for attending Supervisory Board meetings outside Europe. In addition to the base salary, members of the Supervisory Board whose place of residence is Asia shall be granted a remuneration of EUR 1,500 for attending meetings of the Supervisory Board in Asia, and a remuneration of EUR 4,000 for attending Supervisory Board meetings outside Asia. The members of the Supervisory Board are entitled to the reimbursement from the Company of any expenses necessary and reasonable for the performance of their duties. Furthermore, they are entitled to the reimbursement of any VAT to be paid as a consequence of their activities in the capacity of Supervisory Board members.

The Supervisory Board members received the following remuneration for the financial year 2013:

kEUR	2013	2012
Dr. Klaus VIETEN (Chairman of Supervisory Board)	73	57
Dr. Rainer SIMON (Deputy Chairman of Supervisory Board)	58	44
Mr. Hock Eng CHAN	45	34
Total	**176**	**135**

11. Statement and report pursuant to Section 315 Para. 4 of the German Commercial Code (HGB)

11.1 Subscribed capital

The share capital of Haikui Seafood AG amounts to EUR 10,276,000 and is divided into 10,276,000 no par value bearer shares with a notional value of EUR 1.00 each.

11.2 Restrictions regarding voting rights and the right to transfer shares

Each share represents one vote. There are no restrictions on any shares and according to the Articles of Association there are also no restrictions on voting rights for shares of the Company. The Management Board is not aware of any agreements between shareholders, which provide for restrictions on voting rights or the transfer of the shares.

11.3 Direct or indirect participation in shares with more than 10% of the voting rights

Under the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), any investor whose shareholding reaches, exceeds or falls below specified voting rights thresholds as a result of purchase, sale or any other transactions is required to notify the Company and German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin).

As at December 31, 2013, the following shareholders hold more than 10% of shares in Haikui Seafood AG.

Haida Holdings Pte Ltd, Singapore, Singapore, (indirectly held by Mr. Chen Zhenkui) informed us pursuant to § 21 Section 1a WpHG that its shares of voting rights in the Company exceeded the 25%, 30% and 50% thresholds on May 21, 2012, and held 50.18 % (5,156,588 voting rights) as of this date.

Megabond International Limited, Tortola, British Virgin Islands, has informed us pursuant to § 21 Section 1a WpHG that its shares of voting rights in the Company exceeded the 25% and 30% thresholds on May 21, 2012, and held 34.11 % (3,504,752 voting rights) as of this date.

11.4 Shares with special rights

There are no shares with special control powers.

11.5 Voting rights of employees

Employees, who are shareholders of Haikui Seafood AG, exercise their voting rights on their own discretion or by an authorised person. There is no voting right control of employees, who are shareholders, existing.

11.6 Appointment and dismissal of Management Board members

According to Section 8 of the Articles of Association, the Management Board of Haikui Seafood AG consists of one or more persons. The Supervisory Board determines the number of members of the Management Board and may appoint one Management Board member as Chairman and another as Deputy Chairman. The Management Board of Haikui Seafood AG consists of three members.

The Supervisory Board elects the Management Board members in accordance with Section 84 of the German Stock Corporation Act (AktG) for a term not exceeding five years. Any extension of the term requires a Supervisory Board decision and cannot be decided earlier than a year before the end of the current contract period. In special cases, the district court can appoint a replacement for a member of the Management Board at the request of any person who has legitimate interest (for example other board members) (Section 85 AktG). Such an appointment would be terminated immediately when, for example, the Supervisory Board appointed the member of the Management Board.

The dismissal of members of the Management Board can only be for important reasons (Section 84 paragraph 3 sentences 1 and 3 AktG). Important reasons are for example, general neglect of duties, inability to properly exercise the duties or the loss of confidence by the AGM.

The Articles of Association of the Company can be changed by the AGM and the changes will take effect once they are registered with the Commercial Register (Handelsregister). If the AGM decides to change the Company's statutes according to Section 179 and 133 AktG, a majority of 75% of the cast votes cast is required. According to the Section 18 paragraph 3 of the Articles of Association, the Supervisory Board is entitled to amend the Articles of Association, provided that such amendments affect only the wording.

11.7 Authority of Management Board to issue shares

Pursuant to the Articles of Association dated July 2013, the Management Board is authorized to increase the share capital of the Company with the consent of the Supervisory Board until October 1, 2015, one or several times by up to a total of EUR 5,000,000, issuing up to a total of 5,000,000 new no par value bearer shares, each representing EUR 1.00 of the share capital, in consideration of contributions in cash or in kind. In each case ordinary shares and/or non-voting preference shares may be issued. The Management Board is, however, authorised to exclude the shareholders' subscription rights, with the approval of the Supervisory Board, in certain cases, in particular:

- if a capital increase of the share capital is carried out to enable the Company to acquire companies, parts of companies or participations in companies or to acquire other contributions in kind;
- for equal fractional amounts;
- for granting shares to employees and the members of the Management Board of the Company or affiliated companies in connection with employees´ participation programs;
- if shares are issued in consideration of contributions in cash at an issue price which is not significantly lower than the market price and the new shares issued excluding subscription rights do not exceed the computed proportion of 10% of the share capital being EUR 1,000,000. In order to compute the 10% portion section 186 paragraph 3 Sentence 4 Stock Corporation Act (AktG) needs to be applied;
- for the submission of shares of the Company or of certificates representing shares in the Company at domestic and foreign stock exchanges at which the shares of the Company or the certificates representing shares in the Company are admitted for trading by then;
- to grant subscription rights to the holders of convertible bonds, convertible participation rights or option rights to an extent they would be entitled to in case of execution of their conversion right or option right respectively;

The Management Board is authorised, with the approval of the Supervisory Board, to determine the rights to, and the details and the conditions of the capital increase out of the authorised capital and the issuing of new shares.

With the issuance of 276,000 shares on May 15, 2012, an unused authorised capital of 4,724,000 shares is remaining as at December 31, 2013.

11.8 Change of control provisions

There are no agreements with Haikui Seafood AG which are subject to the condition of a change of control due to takeover offer.

11.9 Agreement on compensation in the event of a takeover offer

There are no agreements between the members of the Management Board or employees of Haikui Seafood AG, which provide for compensation in the event of a change of control due to a takeover offer.

12. Subordination report

The Management Board of Haikui Seafood AG has prepared a report on the relations of the Company to affiliated enterprises pursuant to Section 312 Para 1 Sentence 1 of the Stock Corporations Act. The Management Board of Haikui Seafood AG declares as follows:

"The Management Board of Haikui Seafood AG, Hamburg, declares that pursuant to Section 312, par. 3 AktG for the transactions listed in the report on relations with affiliated companies in the period ending December 31, 2013 (acts pursuant to Section 311 et seq. AktG were neither undertaken nor refrained from), in accordance with the conditions known to the Management Board at the time the respective transaction was undertaken, the Company either received adequate compensation during the relevant fiscal period or, where compensation did not occur during the relevant fiscal period, an entitlement for an adequate compensation was granted in accordance with Section 311 par. 2 sentence 2 AktG at the end of the fiscal year."

13. Statement on corporate governance

The Statement on Corporate Governance (Erklärung zur Unternehmensführung) according to Section 289a of the German Commercial Code (HGB) has been published on Haikui's website (www.haikui-seafood.com/ investor-relations/ corporate governance/ erklaerung-zur-unternehmensfuehrung/).

Signatures of the Management Board

Frankfurt, April 11, 2014

Zhenkui CHEN	Zhenping HUANG	Alan GEY

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1, to December 31, 2013

kEUR	Note	Jan 1, 2013 to Dec 31, 2013	Restated* Jan 1, 2012 to Dec 31, 2012
Revenue	3	**117,638**	**195,121**
Cost of sales		(96,418)	(144,839)
Gross profit		**21,220**	**50,282**
Other income	4	810	238
Distribution expenses		(1,826)	(1,669)
Administrative expenses		(4,065)	(4,186)
Other operating expenses	5	(199)	(683)
Profit from operations		**15,940**	**43,982**
Financial income	6	585	228
Financial expenses	7	(1,870)	(668)
Profit before income tax		**14,655**	**43,542**
Income tax	10	(4,423)	(11,358)
Profit for the year		**10,232**	**32,184**
Other comprehensive income of the year that may be reclassified to profit or loss in subsequent:			
Exchange differences on foreign currency translation	24	(1,503)	(2,231)
Total comprehensive income for the year		**8,729**	**29,953**
Profit for the year attributable to			
- owners of the parent		10,232	32,184
Total comprehensive income for the year attributable to			
- owners of the parent		8,729	29,953
Basic and diluted earnings per share (in Euro)	11	1.00	3.16

* Certain amounts shown here do not correspond to the consolidated financial statements for the period January 1 to December 31, 2012 and reflect adjustments in accordance with IAS 8.14(b) made as detailed in Note 2.

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the period from January 1, to December 31, 2013

kEUR	Note	Dec 31, 2013	Restated* Dec 31, 2012
Assets			
Non-current assets			
Intangible assets	12	740	746
Lease prepayment for the land use right	14	1,391	1,443
Property, plant and equipment	15	12,210	13,566
Other non-current assets	16	13,112	1,118
Deferred tax assets	10	226	295
Total non-current assets		**27,679**	**17,168**
Current assets			
Inventories	17	43,576	37,995
Trade and other receivables	18	29,853	43,546
Other current assets	19	8,645	7,949
Cash and cash equivalents	20	49,814	48,938
Total current assets		**131,888**	**138,428**
Total assets		**159,567**	**155,596**
Equity and liabilities			
Equity			
Share capital	21	10,276	10,276
Legal reserves	22	5,830	5,830
Capital reserve	23	2,164	2,164
Other reserves	24	705	705
Currency translation reserve	25	11,557	13,060
Retained earnings		124,866	114,634
Total equity		**155,398**	**146,669**
Non-current liabilities			
Financial liabilities	26	1,735	2,036
Current liabilities			
Income tax liabilities		464	3,932
Financial liabilities	26	271	281
Trade payables		15	1,133
Other current liabilities	27	1,684	1,545
Total current liabilities		**2,434**	**6,891**
Total liabilities		**4,169**	**8,927**
Total equity and liabilities		**159,567**	**155,596**

* Certain amounts shown here do not correspond to the consolidated financial statements as at December 31, 2012 and reflect adjustments in accordance with IAS 8.14(b) made as detailed in Note 2.

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kEUR	Share capital	Legal reserves	Capital reserve	Other reserves	Currency translation reserve	Retained earnings	Total
	Attributable to equity holders of the Parent						
Balance as at Jan 1, 2012	**10,000**	**5,830**	**388**	**705**	**15,291**	**82,450**	**114,664**
Issuance of new shares	276	–	2,484	–	–	–	2,760
Transaction costs	–	–	(708)	–	–	–	(708)
Total comprehensive income for the period	–	–	–	–	(2,231)	32,184	29,953
Balance at Dec 31, 2012 and Jan 1, 2013	**10,276**	**5,830**	**2,164**	**705**	**13,060**	**114,634**	**146,669**
Total comprehensive income for the year	–	–	–	–	(1,503)	10,232	8,729
Balance at Dec 31, 2013	**10,276**	**5,830**	**2,164**	**705**	**11,557**	**124,866**	**155,398**

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOW

for the period from January 1, to December 31, 2013

kEUR	Note	Jan 1, 2013 to Dec 31, 2013	Restated* Jan 1, 2012 to Dec 31, 2012
Operating activities			
Profit before income tax		14,655	43,542
Adjustments for non-cash expenses / (income)			
Expenses on land-use rights		41	41
Depreciation of property, plant and equipment		1,596	1,589
Interest expense		14	14
Asset write off		–	354
Inventories write off		947	–
Interest income		(182)	(162)
Other non-cash expenses		475	167
Operating cash flow before working capital changes		**17,546**	**45,545**
Inventories		(6,979)	(14,795)
Trade and other receivables		13,458	5,938
Other assets		(3,750)	(2,199)
Trade payables		(1,134)	(393)
Other current liabilities		169	354
Income taxes paid		(7,936)	(8,881)
Cash flows from operating activities		**11,374**	**25,569**
Investing activities			
Acquisition of property, plant and equipment		(325)	(1,300)
Interest income received		182	162
Advances for land use rights	16	(9,356)	–
Cash outflows from investing activities		**(9,499)**	**(1,138)**
Financing activities			
Repayment of other borrowings	26	(233)	(290)
Repayment of directors' loans		–	(1,972)
Interest and other finance expenses paid		(313)	(14)
Issuance of new shares		–	2,760
Transaction costs		–	(708)
Cash outflows from financing activities		**(546)**	**(224)**
Net increase in cash and cash equivalents		**1,329**	**24,207**
Effects on cash and cash equivalents from currency translation		(453)	(959)
Cash and cash equivalents at the beginning of the year		48,938	25,690
Cash and cash equivalents at the end of the year	20	**49,814**	**48,938**

* Certain amounts shown here do not correspond to the consolidated financial statements as at December 31, 2012 and reflected adjustments in accordance with IAS 8.14(b) made as detailed in Note 2.

The accompanying notes are an integral part of the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from January 1, to December 31, 2013

1. CORPORATE INFORMATION

Haikui Seafood AG (hereinafter referred to as "the Company") was founded by means of a notarial deed of formation dated October 12, 2010. The completion of the formation became legally effective by registration in the commercial register of the local court of Hamburg on February 24, 2011 when the transfer of the entire share capital in Haikui Seafood Pte. Ltd., Singapore, into the Company took legal effect (the "Group Reorganisation"). The operating business of the Company is carried out by Fujian Dongshan Haikui Aquatic Products Group Co. Ltd., Dongshan, People's Republic of China ("Fujian Haikui").

Haikui Seafood AG is a stock corporation organized under the laws of the Federal Republic of Germany. The Company is entered in the commercial register of the district court of Hamburg under No. HRB 117277. The Company's registered office is located at Norton Rose Fulbright LLP, Taunustor 1 (Taunus Turm), 60310 Frankfurt am Main, Germany.

The principal activity of the Company is that of an investment holding whereas the Company's subsidiary Haikui Seafood Pte. Ltd. is basically an investment holding, which started selling products acquired from Fujian Dongshan Haikui Aquatic Products Group Co. Ltd. to external customers in 2013. Fujian Dongshan Haikui Aquatic Products Group Co. Ltd.'s principal activities are in the production and distribution of frozen and canned seafood products.

On July 1, 2013 Fujan Dongshan Haikui Aquatic Products Group Co. Ltd. incorporated three wholly owned subsidiaries. These companies were dormant for the financial year 2013. It is intended that the principal activities of Fujian Kehai Aquaculture Co., Ltd. are in the cultivation of aquaculture products while Fujian Haikui Aquatic Products Technology, Co., Ltd will be involved in the production and distribution of seafood products. Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd.'s principal activities are intended to be in the research and development of seafood products and aquaculture techniques.

The shares of the Company have been admitted to trading on the Prime Standard of the Frankfurt Stock Exchange. On May 15, 2012, the Company issued 276,000 shares of nominal EUR1.00 per share for an initial share price of EUR 10.00 per share.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB"), London, the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as endorsed by the European Union ("EU") and in effect as at closing date. Furthermore, the additional requirements of Section 315a of the German Commercial Code ("Handelsgesetzbuch" or "HGB") have been considered.

The consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

These consolidated financial statements have been drawn up in Euros ("EUR"). All values are rounded to the nearest thousands ("EUR'000" or "kEUR") unless otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the relevant period. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity are disclosed in this Note.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of new and revised standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations which became effective as of January 1, 2013:

IAS 19	Employee Benefits (Revised 2011)
IFRS 1	First time adoption of International Reporting Standards - Government Loans – Amendments to IFRS 1 effective January 1, 2013
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) effective January 1, 2013
IFRS 13	Fair Value Measurement
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Improvements to IFRS	2009-2011 Cycle

Pursuant to the amendments to IAS 1 (Presentation of Financial Statements) published in June 2011, items of other comprehensive income are for the first time reported separately according to whether or not they may subsequently become reclassifiable to profit or loss.

Not all of these standards and amendments impact the Group's consolidated financial statements. If a standard or amendment affects the Group, it is described together with the impact below:

IFRS 7 (Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)) requires gross and net offsetting amounts reflected in the statement of financial position – along with other existing rights of set-off that do not meet the requirements for set-off in the statement of financial position – to be presented in tabular form, unless a different form of presentation is more appropriate. The amendments are to be applied retrospectively. As the Group's financial assets and financial liabilities did not fulfill the conditions for offsetting the application of IFRS 7 did not have any impact on the financial statements.

IFRS 13 (Fair Value Measurement) provides a uniform definition of fair value and how it is measured. Fair value is now defined as the price that will be received to sell an asset or paid to transfer a liability. IFRS 13 also requires specific notes pertaining to the fair values of financial instruments carried at amortized cost or measured at fair value also be included in interim financial statements. As financial instruments of the Group are not measured at fair value, the application of IFRS 13 has not impacted the financial statements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 33.

Annual Improvements 2009 – 2011
These improvements do not have an impact on the Group, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards
This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting
The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards and amendments issued but not yet effective

Standards and amendments issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

Standards not yet effective:

IFRS 9 Financial Instruments - On November 12, 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduced new requirements for classifying and measuring financial assets that had to be applied starting January 1, 2013, with early adoption permitted. On October 28, 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities, and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities (the Basis for Conclusions was also restructured, and IFRIC 9 and the 2009 version of IFRS 9 were withdrawn). On December 16, 2011, the IASB issued Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7), which amended the effective date of IFRS 9 to annual periods beginning on or after January 1, 2015, and modified the relief from restating comparative periods and the associated disclosures in IFRS 7. On November 19, 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) amending IFRS 9 to include the new general hedge accounting model, allow early adoption of the treatment of fair value changes due to own credit on liabilities designated at fair value through profit or loss and remove the January 1, 2015 effective date.The IASB intends to expand IFRS 9 to add new requirements for impairment of financial assets measured at amortised cost and include limited amendments to the classification and measurement requirements. When these projects are completed an effective date will be added and IFRS 9 will be a complete replacement for IAS 39. At its November 2013 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after January 1, 2017.

IFRS 10 (Consolidated Financial Statements) replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on preliminary analyses performed, IFRS 10 is not expected to have any impact on the Group. This standard becomes effective for annual periods beginning on or after January 1, 2013 (for preparers in the European Union: January 1, 2014).

IFRS 11 (Joint Arrangements) replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Group does not have any such investments. This standard becomes effective for annual periods beginning on or after January 1, 2013 (for preparers in the European Union: January 1, 2014).

IFRS 12 (Disclosure of Interest in Other Entities) includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position and performance. This standard becomes effective for annual periods beginning on or after January 1, 2013 (for preparers in the European Union: January 1, 2014).

Amendments not yet effective:

As a consequence of the new IFRS 10 and IFRS 12, what remains of *IAS 27 Separate Financial Statements (as revised in 2011)* is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013 (for preparers in the European Union: January 1, 2014).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards and amendments issued but not yet effective (cont'd)

Amendments not yet effective: (cont'd)

As a consequence of the new IFRS 11 and IFRS 12, *IAS 28 Investments in Associates (as revised in 2011)* has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Group does not have any such investments. The amendment becomes effective for annual periods beginning on or after January 1, 2013 (for preparers in the European Union: January 1, 2014).

Transition guidance amendments for IFRS 10, IFRS 11 and IFRS 12 clarify that an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same when applying IAS 27/SIC-12 and when applying IFRS 10. As a result, the Board has confirmed that relief from retrospective application of IFRS 10 would also apply to an investor's interests in investees that were disposed of during a comparative period, such that consolidation would not occur in accordance with either IAS 27/SIC-12 or IFRS 10 at the date of initial application. The amendment becomes effective for annual periods beginning on or after January 1, 2013 (for preparers in the European Union: January 1, 2014).

The IASB has published *'Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27'* (the Amendments). The Amendments introduce an exception for investment entities to the well-established principle that a parent entity must consolidate all its subsidiaries. The Amendments define the term 'investment entity' and provide supporting guidance, require investment entities to measure investments in the form of controlling interests in other subsidiaries at fair value through profit or loss in accordance with IFRS 9 'Financial Instruments' (or IAS 39 'Financial Instruments: Recognition and Measurement') instead of consolidating them and specify disclosure requirements for entities that apply the exception. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

IAS 19 - Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The Group does not have such defined benefit plans. The amendment becomes effective for annual periods beginning on or after July 1, 2014.

IAS 32 - Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on the main areas the meaning of 'currently has a legally enforceable right of set-off, the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 Levies
Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides guidance on recognition of a liability to pay levies. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards and amendments issued but not yet effective (cont'd)

Amendments not yet effective: (cont'd)

Annual Improvements 2010-2012 Cycle makes amendments to the following standards:

IAS 16	Property, Plant and Equipment – Revaluation method: proportionate restatement of accumulated depreciation/amortisation
IAS 24	Related Party Disclosures – Key management personnel
IAS 38	Intangible Assets - Revaluation method: proportionate restatement of accumulated depreciation/amortisation
IFRS 2	Share based payments – Definition of vesting condition
IFRS 3	Business Combinations – Accounting for contingent consideration in a business combination
IFRS 8	Operating Segment – Aggregation of Operating Segments and Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13	Fair Value Measurement – Short-term receivables and payables

These improvements are effective for annual periods beginning on or after July 1, 2014

Annual Improvements 2011-2013 Cycle makes amendments to the following standards:

IAS 40	Investment Property – Interrelation between IFRS 3 and IAS 40
IFRS 1	First-time Adoption of International Financial Reporting Standards – Meaning of "effective IFRS"
IFRS 3	Business Combinations – Scope exception for joint ventures
IFRS 13	Fari Value Measurement – Scope of portfolio exceptions (paragraph 52)

These improvements are effective for annual periods beginning on or after July 1, 2014

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiary are prepared for the same reporting period and dates as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances. All intra-group balances, transactions, income and expenses and gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method under IFRS 3 (revised 2008). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (if any) in the acquiree.

Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation

Functional and presentation currency

The functional currency of the Haikui Seafood Pte. Ltd., Singapore, has been decided to be Singapore dollars ("SGD"). As Haikui Seafood Pte. Ltd. has been purchasing and selling products in United States Dollar ("USD") starting in August 2013, the USD should have been chosen as the functional currency. As management intends to stop these purchases and sales in the near future and as the effects of the change of the functional currency are immaterial to the consolidated financial statements, management decided to keep SGD as the functional currency of Haikui Seafood Pte. Ltd in accordance with IAS 8.8.

The functional currency of Fujian Dongshan Haikui Aquatic Products Group Co. Ltd., PRC, Fujian Kehai Aquaculture Co., Ltd., PRC, Fujian Dongshan Haikui Aquatic Products Technology Co., Ltd, PRC, as well as Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd. ,PRC, have been decided to be Chinese Renminbi Yuan ("RMB"). The RMB reflects the economic substance of the underlying events and circumstances relevant to Fujian Dongshan Haikui Aquatic Products Group Co. Ltd. and its subsidiaries.

The functional currency of Haikui Seafood AG is the Euro.

The presentation currency of the Group is EUR, being the presentation currency of its German domiciled legal parent and holding company, and therefore the financial information has been translated using the following rates:

	RMB/EUR		SGD/EUR	
	Closing Rate	Average Rate	Closing Rate	Average Rate
Dec 31, 2013	0.1188	0.1215	0.5725	0.6019
Dec 31, 2012	0.1198	0.1231	0.6181	0.6226

Translation of the subsidiaries' financial statements

For the purpose of presenting the consolidated financial statements of the Group, the results and financial position of subsidiaries in Singapore and China are translated into Euro, being the presentation currency of the consolidated financial statements, using the following procedures:

- Assets and liabilities are translated at the closing rate at balance sheet date;
- Income and expenses items are translated at average exchange rate, which approximates the exchange rates at the dates of transactions; and
- Share capital and statutory, capital and other reserves are translated at historical rates.

All resulting exchange differences are recognised in separate component of equity as currency translation reserve.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate of exchange at the reporting date.

Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit and loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit and loss for the period except for differences arising on the retranslation of non-monetary items in respects of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity. As of December 31, 2013 and 2012, the group did not have any such non monetary items carried at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Lease prepayments for land use rights

Lease prepayments for land use rights are accounted for under IAS 17 "Leases" as operating leases. The amounts paid for the right to use the land over the period agreed upon are classified as prepayments to the lessor and expensed during the period over which the land use rights are expected to be economically usable by the Group. Prepayment to be expensed in the forthcoming twelve month period are disclosed under "other receivable and prepayments" with the remaining prepayments being disclosed in a separate line item under non-current assets.

The amount expensed in respect of lease prepayments for land use rights are included under cost of sales and administrative expenses, depending on the nature of their use.

Prepayments for land use rights for which the commencement of the operating leases takes only place after the balance date are accounted for as other non-current assets.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the assets, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit and loss for the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year. No internally generated intangible assets have been recognised in the consolidated financial statements as of December 31, 2013.

Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of the asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. In addition, cost also includes borrowing costs for long-term construction projects, if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Property, plant and equipment acquired in a business combination are initially recorded at their fair values as at acquisition date.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment and depreciation (cont'd)

Construction in progress includes all costs of construction and other direct costs. No depreciation is provided on construction in progress until such time as it is completed and ready for use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

Property, plant and equipment are depreciated using the straight-line method, less estimated residual value over their estimated useful lives. The estimated useful lives have been taken as follows:

	Estimated useful lives (Years)
Buildings on leasehold land	20
Plant and machinery	5 - 10
Office equipment	5
Motor vehicles	5
Furniture and fitting	5

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The estimated useful life and depreciation method are reviewed and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of non-financial assets (cont'd)

For the Group's recognized Goodwill, the following specific characteristics for impairment testing apply:

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial assets

Financial assets within the scope of IAS 39 are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit and loss of the period.

All regular way purchases and sales of financial assets are recognised and derecognised on trade date basis where the purchase or sale of financial assets are under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. As of December 31, 2013 and December 31, 2012, the Group did not have any financial assets in the category financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as trade and other receivables, other current assets and cash and cash equivalents on the statement of financial position.

At subsequent reporting dates, loan and receivables are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

The Group assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired and recognised the impairment loss when such evidence exists.

An impairment loss for financial assets carried at amortised cost is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit and loss.

As of December 31, 2013 and 2012 no impairment of financial assets was recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials comprise purchase cost accounted for on a weighted average basis. Finished goods comprise cost of materials, direct labour and an attributable proportion of manufacturing overheads.

Net realisable value is the estimated selling price, less estimated costs of processing and costs to be incurred for selling and distribution.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flow, cash and cash equivalent comprises cash on hand and in banks, excluding cash deposits pledged for a period of more than three months. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Financial liabilities

Financial liabilities within the scope of IAS 39 are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. As of December 31, 2013 and December 31, 2012, the Group did not have any financial liabilities in the category financial liabilities at fair value through profit or loss.

Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred and subsequently accounted for at amortised costs using the effective interest method. Borrowings which are due to be settled within twelve months after the balance sheet date are included in other current liabilities in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current liabilities in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed and recognised in profit and loss of the period. Where the effect of the time value of money is material, the provision is discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financial cost.

Contingent liabilities

Contingent liabilities are possible obligations to third parties or present obligations where the probability of an outflow of resources is remote or the amount cannot be determined reliably. Contingent liabitlities are not recognised.

Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The following specific recognition criteria must be met before revenue is recognised:

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an expense item, it is recognised in the profit or loss over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in the statement of financial position as deferred income and are credited to the profit or loss on a straight line basis over the expected lives of the related assets.

Dividends

Dividends are recognised when the shareholder's right to receive the payment is established. Interim dividends are recorded in the period in which they are declared payable. Final dividends are recorded in the period in which the dividends are approved by the shareholders.

Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing cost commences when the activities to prepare the asset for its intended use or sale are in process and the expenditure or borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carry amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Other borrowing costs are expensed in the period in which they are incurred. Other borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits

Retirement benefits

The Group participates in the following national schemes as defined by the laws of these countries.

Singapore

The subsidiary, incorporated in Singapore makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension scheme.

People's Republic of China ("PRC")

The subsidiary, incorporated and operating in the PRC, is required to provide certain retirement plan contribution to their employees under existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit and loss as and when they are incurred.

Germany

The company, incorporated in Germany does not have any employees.

Current and deferred income tax

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss 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 the countries where the entities operate by the balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Current and deferred Income tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

Value-added-tax ("VAT")

The Group's sales of goods in the PRC are subject to VAT at the applicable tax rate of 17% for PRC domestic sales. Input tax on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Trade and other receivables" or "Trade payables" in the statement of financial position. The Group's export sales are not subject to VAT.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision makers of the Company regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Significant judgements and sources of estimation uncertainty

Estimates and assumptions concerning the future are made in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities and income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Resulting accounting estimates will, by definition, seldom equal the related actual results.

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

(i) Accounting for business combinations

For acquisition accounting purposes, all identifiable assets and liabilities acquired in a business combination are recognised at fair value as of the date of acquisition. Significant estimates are used to calculate the fair value of these assets and liabilities as of the date of acquisition. Estimates are furthermore used to determine the useful life of the acquired assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant judgements and sources of estimation uncertainty (cont'd)

(ii) Impairment of trade receivables

Trade receivables are recorded at the amounts invoiced to the customers. The allowance for doubtful receivables is the Group's best estimate of the amount of probable credit losses in the Group's existing accounts receivable. Management uses judgment to determine the allowance for doubtful receivables which is supported by historical repayment records of the customers. Management of the Group reviews its allowance for doubtful receivables at least on a monthly basis. Only after all means of collection have been exhausted and the collection of the amounts is deemed to be remote, account balances are charged off against the allowance. Actual results may vary from the judgements made. As at December 31, 2013 and December 31, 2012 no valuation allowances were recorded.

(iii) Useful lives of depreciable assets

The useful lives of depreciable assets are reviewed at each reporting date. The useful life of the Group's property, plant and equipment is estimated to be within 5 to 20 years. The carrying amounts are analysed in Note 15. Changes in the physical condition, expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

(iv) Net realisable values of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of processing and selling expenses. These estimates are based on current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management reassesses the estimations at end of each financial year. As at December 31, 2013, inventories at the amount of kEUR 947 (2012: kEUR NIL) were written off.

(v) Contingent liability for donation agreements

Contingent liabilities are not recognised as liabilities because they are either possible obligations, as it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits or they are present obligations that arise from past events but are not recognised because an outflow of resources embodying economic benefits is not probable or the amount cannot measured reliably.

We have committed to voluntarily donate RMB 1.1 million per annum (approximately kEUR 120 per annum) from 2012 for a period of 20 years, to two charitable organisations in the PRC. As the donations made to the charitable organisation are made on a voluntary basis and the decision to make the annual donations is at the sole discretion of the subsidiary each year it has yet to be confirmed whether the donations will be made each year, these donations were judged to be presented as contingent liabilities at the maximum possible outflow of resources at the amount of kEUR 2,115 (2012: kEUR 2,264).

Changes according to IAS 8

To improve the relevance and reliability of the presentation of the consolidated financial statements, the following accounting policies have been changed voluntarily in accordance with IAS 8.14(b) in comparison to the previous period:

<u>Accounting treatment for lease prepayments for land use rights</u>

Long term lease prepayments for land-use-rights are now shown as a separate line item on the face of the consolidated statement of financial position. The change has been accounted for retrospectively, effecting certain reclassifications to the comparative period presented in these consolidated financial statements. The effects are shown in the table below:

kEUR	Restated Dec 31, 2012	As previously reported Dec 31, 2012
Consolidated statement of financial position		
Intangible assets	746	2,230
Lease prepayments on land use rights– non current	1,443	–
Other current assets	7,949	7,908

The changes had no effect on the reported net income for 2012 of the reported net equity balance as of December 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes according to IAS 8 (cont'd)

Presentation of financial result

The financial result is now presented as two separate line items "financial income" and "financial expense" in the Consolidated Statement of Comprehensive Income. The change has been accounted for retrospectively, effecting certain reclassifications to the comparative period presented in these consolidated financial statements. The effects are shown in the table below:

kEUR	Restated Jan 1, 2012 to Dec 31, 2012	As previously reported Jan 1, 2012 to Dec 31, 2012
Consolidated Statement of Comprehensive Income		
Finance income / (expenses), net	–	(440)
Financial income	228	–
Financial expenses	(668)	–

The change had no effects on the reported profit for 2012 or the reported equity balance as of December 31, 2012.

Cash flows from long term advances to suppliers

As of December 31, 2013, cash flows from the long term advances to suppliers are presented as operating activities (prior years: cash flows from financing activities) in our Consolidated Statement of Cash Flows (2013: cash outflow at the amount of kEUR 3,519). Lacking any such transaction in 2012, this change had no effects on the comparative period presented in the Consolidated Statement of Cash Flow.

Naming of reserves

As of December 31, 2013, the naming of the "statutory reserve" was changed to "legal reserve" retrospectively. We refer to Note 22.

3. REVENUE

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Frozen products	94,817	172,189
Canned products	22,821	22,932
	117,638	195,121

4. OTHER INCOME

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Government grant	590	105
Sale of scrap	112	132
Other income	108	1
	810	238

Government grants received in 2013 were mainly incentives received by our subsidiary for research and development assistance and award for achieving listed status in Germany. There are no unfulfilled conditions or contingencies attached to these grants.

5. OTHER OPERATING EXPENSES

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Initial public offering expenses	–	111
Donations	199	217
Property, plant and equipment written off	–	354
Others	–	1
	199	683

6. FINANCE INCOME

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Bank interest income	182	162
Amortisation of unearned interest	403	66
	585	228

7. FINANCE EXPENSES

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Interest expenses – other borrowings	14	14
Foreign exchange losses	1,064	610
Interest from discounting long term advances	752	–
Bank charges	40	44
	1,870	668

8. ADDITIONAL DISCLOSURES ON THE NATURE OF EXPENSES

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Depreciation of property, plant and equipment	1,595	1,589
Expenses on land-use rights	41	41
Operating lease expenses	20	18
Personnel expenses (see Note 9)	6,511	6,518
Research and development expenses (excluding personnel expenses)	25	8

9. PERSONNEL EXPENSES

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Wages, salaries and bonuses*	5,767	5,851
Pension expenses (defined contribution)	336	241
Other personnel expenses	408	426
	6,511	6,518

* This includes the amount shown as Management Board remuneration (see Note 36).

10. INCOME TAX

Major components of income tax expenses for the year were:

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Current income tax		
Current income tax charge	4,354	11,386
Deferred tax		
Relating to origination and reversal of temporary differences	69	(28)
	4,423	11,358

10. INCOME TAX (cont'd)

Deferred tax relates to the following:

	Consolidated statement of financial position	
kEUR	Dec 31, 2013	Dec 31, 2012
Deferred tax asset/ (liability):		
Land use rights	64	66
Property plant and equipment	236	229
Deferred finance expenses	(74)	–
Deferred tax asset/ (liablity)	226	295

	Consolidated statement of comprehensive income	
kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Income tax expenses/ (income)		
Land use rights	2	2
Property plant and equipment	(7)	(30)
Deferred finance expenses	74	–
Income tax expenses/ (income)	69	(28)

No income taxes have been charged directly to the other comprehensive income.

A reconciliation of the actual tax expenses and the products of accounting profit multiplied by the statutory tax rate are as follows:

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Profit before income tax	14,655	43,542
Tax expenses based on weighted average tax rate of 24.5% (2012: 25%)	3,590	10,886
Effect of tax losses not carried forward	235	334
Differences in the tax rates to Singapore	(17)	26
Differences in the tax rates to Germany	(66)	(42)
Tax effect of expenses not deductible	723	154
Tax effect of income exempt from tax	(23)	–
Others	(19)	–
Actual tax expenses as presented in the consolidated statement of comprehensive income	4,423	11,358

The effective tax rate amounts to 30.2% in 2013 and 26.1% in 2012.

10. INCOME TAX (cont'd)

At December 31, 2013 and December 31, 2012, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries. The Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised, aggregate to kEUR 2,364 (2012: kEUR 2,212).

No dividend has been declared for 2013.

Haikui Seafood AG (parent)

In Germany, the Company is subject to corporate income tax at a rate of 15% plus a 5.5% solidarity surcharge (Solidaritätszuschlag) thereon (in total 15.825%). In addition, the Company is subject to trade tax (Gewerbesteuer) with their income from permanent establishments in Germany subject to certain adjustments for trade tax purposes, the trade taxable income (Gewerbeertrag). As at December 31, 2013, the effective trade tax for Hamburg is 16.45% of the trade taxable income (Gewerbeertrag).

Dividend income that the Company receives from corporations domiciled outside Germany such as Haikui Singapore is generally exempt from corporate income tax. However, 5% of the tax exempt dividend income is deemed to be a non-deductible business expense for corporate income tax purposes, and as a result is subject to corporate income tax (plus solidarity surcharge).

Dividend income of the Company derived from its shares in Haikui Singapore will be subject to trade tax. However, such dividend income of the Company will be exempt from trade tax but for 5%, if specific preconditions are fulfilled (Section 9 No. 7 of the Trade Tax Act).

As the Company did not have assessable profits for the accounting period ended December 31, 2013, no German corporate income taxes have been provided for.

As of December 31, 2013, the Group has tax losses at the amount of approximately kEUR 3,623 (2012: kEUR 3,054), which arose in Germany.

Although the management assumes that the Company will generate future taxable profits through dividend and interest income in order to be able to fully utilise these tax losses, no deferred tax assets has been provided for the tax losses carried forward as the timing of the utilisation is uncertain and the taxable profits through dividends are limited to 5% of the tax exempt dividend income. Furthermore, tax losses carry forward will be forfeited completely in the event that more than 50% of the share capital, participation rights or voting rights of the Company are directly or indirectly transferred within 5 years to one acquirer or a related person hereto or a group of acquirers with the same interest or any comparable circumstances of the case. If more than 25% and up to 50% are transferred the tax losses carry forward will be forfeited proportionally.

According to IAS 32.39, the amount of income tax related to transaction costs incurred with the listing at the Frankfurt Stock Exchange (kEUR 228) should generally be recognised as a deferred tax asset in case these costs are tax deductible. The costs are generally tax deductible, however no deferred tax assets has been recognised for the income tax related to the transaction costs as the timing of the utilisation of this tax asset is uncertain and the taxable profits through dividends are limited to 5% of the tax exempt dividend income.

10. INCOME TAX (cont'd)

Haikui Seafood Pte Ltd., Singapore

Haikui Seafood Pte. Ltd. has taxable income of kEUR 16 for the financial period ended December 31, 2013. The statutory income tax rate applicable to the Company was 17% for the period ended December 31, 2013.

The Group has no tax losses carried forward as of December 31, 2013 (2012: kEUR 35) which arose in Singapore. Pursuant to Singapore tax laws, the accumulated tax losses do not expire, provided that there is no substantial change in the shareholdings and/or there is no change in the principal activities of the Company. They may not be used to offset taxable income elsewhere in the Group.

There is no capital gain taxes imposed on Haikui Seafood Pte. Ltd. on gains realised from the disposal of investment under the Singapore tax regime.

Fujian Dongshan Haikui Aquatic Products Co., Ltd., Dongshan/PRC

On March 12, 2007, the subsidiary, Fujian Haikui was converted into a foreign investment enterprise ("FIE") for which starting from fiscal year 2012, the applicable tax rate is 25%.

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the financial year.

kEUR	Jan 31, 2013 to Dec 31, 2013	Jan 31, 2012 to Dec 31, 2012
Profit for the financial year attributable to equity holder of the parent	10,232	32,184
Weighted average number of issued and outstanding no par shares (in thousands)	10,276	10,173
Basic and diluted earnings per share (in Euro)	**1.00**	**3.16**

12. INTANGIBLE ASSETS

kEUR	Goodwill
Cost	
As at December 31, 2011 and January 1, 2012	755
Translation differences	(9)
As at December 31, 2012 and January 1, 2013	746
Translation differences	(6)
As at December 31, 2013	740
Net carrying value	
As at December 31, 2011	755
As at December 31, 2012	746
As at December 31, 2013	740

13. IMPAIRMENT TESTING OF GOODWILL

The recognized goodwill results from a business combination in 2010/2011 and comprises the value of expected synergies arising from the acquisition as well as intangible assets that do not qualify for separate recognition such as employee knowhow. Goodwill is allocated entirely to the 'frozen product' segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

In accordance with IAS 36 Impairment of Assets, the carrying values of the group's goodwill on acquisition as at December 31, 2013 were assessed for impairment as of year end.

Carrying value	Goodwill EUR'000	Basis on which recoverable values are determined	Terminal growth rate (%)	Pre-tax discount rate (%)
December 31, 2013	740	Value in use	3	16.2
December 31, 2012	746	Value in use	3	13.8

Goodwill is allocated for impairment testing to the cash generating unit (CGU) "frozen grilled seafood products" which belong to the frozen seafood segment. The CGU is a sub segment one step below the segments.

In 2013, the aggregation of assets to identify the CGU "frozen grilled seafood products" has been changed as parts of the assets which were used to produce frozen grilled seafood products until 2012 are used in 2013 and onwards to produce other frozen seafood products.

A 5-year cash flow forecast was prepared by the Management Board.

The value-in use calculation applies a discounted cash flow model using cash flow projections based on financial budgets and most recent forecasts approved by management. The discount rate applied to the cash flow projections is derived from the cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU (i.e. weighted average cost of capital "WACC"). The terminal growth rate used does not exceed the long term average growth rate of the respective industry and country in which the CGU operates.

13. IMPAIRMENT TESTING OF GOODWILL (cont'd)

A reasonable change to the assumptions used by the management to determine the impairment required, particularly the gross margin, discount rate and terminal growth rate, would not significantly affect the results.

No impairment loss was required for the financial period ended December 31, 2013 for the goodwill assessed as their recoverable values were in excess of their carrying values.

One of the grilled seafood production lines, which was acquired during the above mentioned business combination was written off in 2012. The loss of the disposal amounted to kEUR 272.

14. LEASE PREPAYMENTS FOR LAND USE RIGHTS

kEUR	Land use rights
As at January 1, 2012	1,543
Expensed for the year	(41)
Translation differences	(18)
As at December 31, 2012 and January 1, 2013	1,484
Expensed for the year	(41)
Translation differences	(12)
As at December 31, 2013	1,431
Balance as at December 31, 2012	
Thereof current	41
Thereof non-current	1,443
Balance as at December 31, 2013	
Thereof current	40
Thereof non-current	1,391

As at December 31, 2013, certain land use rights with a net carrying value of approximately kEUR 397 (December 31, 2012: kEUR 408) have been pledged as security for the Group's other borrowings as disclosed in Note 26.

Land use rights are charged to the profit or loss on a straight-line basis lease period. Amortisation of lease prepayments is included in "cost of sales".

15. PROPERTY, PLANT AND EQUIPMENT

kEUR	Buildings on leasehold land	Plant and machinery	Office equipment	Motor vehicles	Furniture and fittings	Total
Cost						
As at January 1, 2012	11,764	6,216	172	557	69	18,778
Additions	–	895	11	394	–	1,300
Write off	–	(618)	–	(15)	–	(633)
Translation differences	(146)	(85)	(2)	(17)	–	(250)
As at December 31, 2012 and January 1, 2013	11,618	6,408	181	919	69	19,195
Additions	38	169	17	99	1	324
Translation differences	(97)	(58)	(1)	(9)	(1)	(166)
As at December 31, 2013	**11,559**	**6,519**	**197**	**1,009**	**69**	**19,353**
Accumulated depreciation						
As at January 1, 2012	1,782	2,278	68	228	51	4,407
Depreciation charge	598	829	31	120	11	1,589
Write off	–	(265)	–	(14)	–	(279)
Translation differences	(37)	(43)	(2)	(6)	–	(88)
As at December 31, 2012 and January 1, 2013	2,343	2,799	97	328	62	5,629
Depreciation charge	594	783	23	190	5	1,595
Translation differences	(33)	(40)	(1)	(7)	–	(81)
As at December 31, 2013	**2,904**	**3,542**	**119**	**511**	**67**	**7,143**
Net carrying value						
As at December 31, 2011	9,982	3,938	104	329	18	14,371
As at December 31, 2012	9,275	3,609	84	591	7	13,566
As at December 31, 2013	**8,655**	**2,977**	**78**	**498**	**2**	**12,210**

All property, plant and equipment held by the Group are located in the PRC. As at December 31, 2013, certain buildings on leasehold land with a net carrying value of approximately kEUR 252 (December 31, 2012: kEUR 284) has been pledged as security for the Group's other borrowings (Note 26).

16. OTHER NON-CURRENT ASSETS

kEUR	Dec 31,2013	Dec 31,2012
Long term advances to raw material suppliers	3,964	1,118
Prepayment for land use rights	9,148	–
	13,112	1,118

Long term advances are paid to raw material suppliers under the framework supply agreements.

The prepayment for land use rights refers to an agreement in which our Chinese subsidiary Fujian Dongshan Haikui Aquatic Products Group Co. Ltd. entered with local authorities on December 23, 2013 to acquire land use rights for 1.000 mu (approximately 66 ha) of land in the Dongshan Marine Biotechnology Industrial Park in Dongshan/Fujian at a total amount of kRMB 110,000 (approximately kEUR 13,068). A prepayment of kRMB 77,000 (kEUR 9,148) was made by the end of 2013 but as the operating lease of the land will only commence upon transfer of the land title deeds, the prepayment was recognised as other non-current assets as of December 31, 2013. We intend to build a new seafood processing factory on this land starting in the first quarter of 2014.

17. INVENTORIES

	Consolidated statement of financial position	
kEUR	Dec 31, 2013	Dec 31, 2012
Seafood supplies	16,241	7,506
Processed seafood	27,192	30,322
Packaging materials and other consumables	143	167
	43,576	37,995

The cost of inventories recognised as expense and included in “cost of sales” amounted to kEUR 88,384 (2012: kEUR 135,740). Thereof, kEUR 947 (2012: 0) refer to inventories written off.

18. TRADE AND OTHER RECEIVABLES

kEUR	Dec 31, 2013	Dec 31, 2012
Trade receivables	18,942	34,310
Value-added tax receivables	10,911	9,236
	29,853	43,546

The value-added tax receivables relate to value added tax refundable from the PRC taxation authority.

19. OTHER CURRENT ASSETS

kEUR	Dec 31, 2013	Dec 31, 2012
Deferred finance expenses	293	–
Prepayments and deposits	2,321	2,521
Other receivables	6,031	5,428
	8,645	7,949

Other receivables mainly comprise short term advances paid to raw material suppliers under the framework supply agreements.

Deferred finance expenses relate to transaction costs which were incurred for a loan granted by Deutsche Investitions und Entwicklungsgesellschaft mbH (DEG). We refer to Note 26.

20. CASH AND CASH EQUIVALENTS

As at December 31, 2013 and December 31, 2012, the Group had cash and bank balances denominated in Chinese Renminbi ("RMB") amounting to kRMB 408,744 (kEUR 48,558) and kRMB 351,436 (kEUR 42,102) respectively. The RMB is not freely convertible into foreign currencies. Under the People's Republic of China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

21. SHARE CAPITAL

The Company was founded by means of a notarial deed of formation dated October 12, 2010. The completion of the formation became legally effective by registration in the commercial register of the local court of Hamburg on February 24, 2011.

Subscribed Capital

The Company was formed with a subscribed capital of EUR 10,000,000.00 provided by means of the non-cash contribution of all the shares of Haikui Seafood Pte Ltd. All the shares have equal rights pertaining to voting and dividends.

In 2012, the shares of the Company have been admitted to trading on the Prime Standard of the Frankfurt Stock Exchange. On May 11, 2012, the increase of the subscribed capital was registered in the commercial register of the local court of Hamburg. On May 15, these 276,000 shares nit par were initially traded on the Frankfurt Stock Exchange at an initial share price of EUR 10,00 per share. The subscribed capital therefore amounts to EUR 10,276,000 as of December 31, 2012 and December 31, 2013 and is divided into 10,276,000 bearer shares without nominal value (nil-par shares), with a proportional amount of the subscribed capital of EUR 1.00 each. The subscribed capital is fully paid in.

Authorised Capital

Pursuant to the Articles of Association dated May 10, 2012, the Management Board is authorised to increase the share capital of the Company with the consent of the Supervisory Board until October 1, 2015, one or several times by up to a total of EUR 5,000,000, issuing up to a total of 5,000,000 new no par value bearer shares, each representing EUR 1.00 of the share capital, in consideration of contributions in cash or in kind. In each case ordinary shares and/or non-voting preference shares may be issued. The Management Board is, however, authorised to exclude the shareholders' subscription rights, with the approval of the Supervisory Board, in certain cases, in particular:

- if a capital increase of the share is carried out to enable the Company to acquire companies, parts of companies or participations in companies or to acquire other contributions in kind;
- for equal fractional amounts;
- for granting shares to employees and the members of the Management Board of the Company, or affiliated companies in connection with employees´ participation programs;
- if shares are issued in consideration of contributions in cash at an issue price which is not significantly lower than the market price and the new shares issued excluding the subscription rights do not exceed the computed proportion of 10% of the share capital, being EUR 1,000,000. In order to compute the 10% portion, section 186 paragraph 3 Sentence 4 Stock Corporation Act needs to be applied;
- for the submission of shares of the Company or of certificates representing shares in the Company at domestic and foreign stock exchanges at which the shares of the Company or the certificates representing shares in the Company are admitted for trading by then;
- to grant subscription rights to the holders of convertible bonds, convertible participation rights or option rights to an extent they would be entitled to in case of execution of their conversion right or option right respectively.

The Management Board is authorised, with the approval of the Supervisory Board, to determine the rights to, and the details and the conditions of the capital increase out of the authorised capital and the issuing of new shares.

With the issuance of 276,000 shares on May 15, 2012, an unused authorised capital of 4,724,000 shares is remaining as at December 31, 2013.

22. LEGAL RESERVES

The Company

The Company is required to transfer 5% of the profit after tax as reported in its German statutory financial statements to statutory reserves (section 150 paragraph 2 of the German Stock Corporation Act), until this reserve together with the capital reserve attain at least 10% of the share capital. Under certain circumstances this reserve may be used to make up losses incurred or be converted into paid up capital, as long as the reserves amount to at least 10% of the share capital. Due to losses, the statutory reserve of Haikui Seafood AG amounts to EUR Nil as at December 31, 2013 and December 31, 2012.

Fujian Haikui

The subsidiary, Fujian Haikui, was converted to a wholly foreign-owned enterprise ("WFOE") in November 2007. In accordance with the Foreign Enterprise Law of the PRC, the subsidiary, Fujian Haikui, a WFOE must make contributions to a statutory reserve fund ("SRF"). At least 10% of the net profit for the year as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF. If the cumulative total of the SRF reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any further contribution.

The SRF may be used to offset accumulated losses or increase the registered capital of the company, subject to approval from relevant PRC authorities and is not available for dividend distribution to the shareholders. The PRC enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made good. The legal reserve of Fujian Haikui amounts to kEUR 5,830 as at December 31, 2013 (unchanged).

23. CAPITAL RESERVE

The capital reserve developed as follows:

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
At the beginning of the year	2,164	388
Premium from issuance of new shares	–	2,484
Transaction costs	–	(708)
	2,164	2,164

The amount as of January 1, 2012 represents the difference between the carrying amount and fair value on the loans from directors/shareholders which were fully repaid in during the financial year 2012.

The capital reserve is non-distributable.

24. OTHER RESERVES

The merger reserve arises from the difference between the purchase consideration paid and the nominal value of the shares of the subsidiary acquired under the predecessor accounting method.

25. CURRENCY TRANSLATION RESERVE

The currency translation reserve represents the foreign currency translation differences arising from the translation of the subsidiaries financial statements from their respective functional currencies to the presentation currency EUR.

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
At the beginning of the year	13,060	15,291
Net currency translation difference for the year recognised in other comprehensive income	(1,503)	(2,231)
At the end of the year	11,557	13,060

The net currency translation differences recognised in other comprehensive income in 2013 had an income tax effect of nil.

26. FINANCIAL LIABILITIES

The financial liabilities comprise the following:

kEUR	Dec 31, 2013	Dec 31, 2012
Financial liabilities (non-current)		
Other borrowings	1,735	2,036
	1,735	2,036
Financial liabilities (current)		
Other borrowings	271	281
	271	281

Other borrowings comprise the following:

kEUR	Dec 31, 2013	Dec 31, 2012
Current		
Secured	271	281
	271	281
Non-current		
Secured	1,735	2,036
	1,735	2,036
Total	2,006	2,317

Other borrowings

As at December 31, 2013, other borrowings granted by the world bank bear floating interest rates ranging from 0.77% to 0.98% (December 31, 2012: 0.73% to 1.03%) per annum. Other borrowings were granted on July 31, 1998 and are repayable as follows:

(i) Tranche A – over 15 years in equal instalments of USD105,309 per annum commencing July 31, 2003; and

(ii) Tranche B – over 13 years in equal instalments of USD199,564 per annum commencing July 31, 2005.

Full repayment is scheduled to be completed by July 31, 2018.

26. FINANCIAL LIABILITIES (cont'd)

Other borrowings (cont'd)

These borrowings are secured by certain land use rights and buildings on leasehold land of the Group as disclosed in note 14 and note 15 respectively.

On December 23, 2013, our subsidiary Fujian Haikui secured an USD 25.0 million (approximately kEUR 18,158) loan from Deutsche Investitions- und Entwicklungsgesellschaft mbH to finance the planned seafood processing factory (also see Note 19). The loan will be disbursed based on the progress of the construction of the planned seafood processing factory. First disbursements of the loan are scheduled to be drawn in the first quarter of 2014. As of December 31, 2013 transaction costs relating to the loan which have already been incurred in 2013 have been deferred in other current assets (also see Note 19).

27. OTHER CURRENT LIABILITIES

kEUR	Dec 31, 2013	Dec 31, 2012
Employee related accruals	761	714
Other accruals	229	258
Other payables	546	286
Payables due to directors (non-trade)	48	213
Payables due to related party (non-trade)	100	74
	1,684	1,545

The balance due to directors (non-trade) is unsecured, interest free and repayable on demand.

28. INVESTMENT IN SUBSIDIARIES

The Company has the following subsidiaries, which also form part of these consolidated financial statements:

Name of companies	Principal activities	Country of incorporation	Effective equity interest held as at Dec 31, 2013 %	Dec 31, 2012 %
Held by the Company:				
Haikui Seafood Pte. Ltd.	Investment holding	Singapore	100	100
Held by Haikui Seafood Pte. Ltd:				
Fujian Dongshan Haikui Aquatic Products Group Co., Ltd. (福建省东山县海魁水产集团有限公司)	Production and distribution of frozen and canned seafood products	PRC	100	100
Held by Fujian Dongshan Haikui Aquatic Products Group Co., Ltd.:				
Fujian Kehai Aquaculture Co., Ltd (福建省海魁水产科技有限公司)	Cultivation of aquatic products	PRC	100	–
Fujian Haikui Aquatic Products Technology Co., Ltd (福建科海养殖有限公司)	Production and distribution of seafood products	PRC	100	–
Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd (福建东山海魁水产研究所有限公司)	Research and development of seafood products and aquaculture techniques	PRC	100	–

29. CONTINGENT LIABILITIES

Our subsidiary Fujian Dongshan Haikui Aquatic Products Group Co., Ltd. has signed an agreement in which it commits to voluntarily donate RMB 1.1 million per annum (approximately kEUR 120 per annum) from 2012 for a period of 20 years, to two charitable organisations in the PRC. The donations made to the charitable organisation are made on a voluntary basis and the decision to make the annual donations is at the sole discretion of the subsidiary each year. The contingent liability in total amounts to kEUR 2,115 (2012: kEUR 2,264).

30. COMMITMENTS

a) Non-cancellable operating lease commitments

As at balance sheet date, the Group leased certain office under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

kEUR	Dec 31, 2013	Dec 31, 2012
Future minimum lease payments		
- not later than 1 year	18	23

30. COMMITMENTS (cont'd)

b) Capital and other financial commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

kEUR	Dec 31, 2013	Dec 31, 2012
Contracted and not provided for in the financial statements		
- capital expenditure	911	981
- Prepayments for land use right	3,920	–

31. RELATED PARTY INFORMATION

The financial statements include the financial statements of the Company and the subsidiary as listed in the following table:

Name	Country of incorporation	% of equity interest Dec 31, 2013	Dec 31, 2012
Haikui Seafood AG	Germany	N/A	N/A
Haikui Seafood Pte. Ltd.	Singapore	100	100
Fujian Dongshan Haikui Aquatic Products Group Co., Ltd.	PRC	100	100
Fujian Kehai Aquaculture Co., Ltd	PRC	100	–
Fujian Haikui Aquatic Products Technology Co., Ltd	PRC	100	–
Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd	PRC	100	–

The ultimate parent

Haida Holdings Pte. Ltd. is the ultimate parent located in Singapore and owns 50.18% (2012: 50.18%) of the ordinary shares in the Company.

Entity with significant influence over the Group

As at December 31, 2013 Mega Bond International Limited owns 32.70% of the ordinary shares in the Company (2012: 34.11%).

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed in this note. In addition to the transactions and balances detailed elsewhere in this report, the Group had the following transactions and balances with related parties as disclosed below:

kEUR	Dec 31, 2013	Dec 31, 2012
Purchase of Services		
Related parties (non-trade)	73	81
Other current assets		
Prepayment to related parties (non-trade)	7	12
Other current liabilities		
Payables due to directors (non-trade)	48	214
Payables due to other related parties (non-trade)	100	74

The balances due to/ from related parties are unsecured, interest-free and repayable on demand.

There were no transactions with Haida Holdings Pte. Ltd. or with Mega Bonds Pte. Ltd. In 2013.

31. RELATED PARTY INFORMATION (cont'd)

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Compensation of key management personnel (inclusive of the Supervisory board)		
Salaries and bonuses	584	722
Defined contribution pension scheme	12	30
	596	752
Comprise amounts paid to:		
- Directors and Management of the Company	570	727
- Other key management personnel	26	25
	596	752

32. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group that makes strategic decisions.

In identifying the operating segments, the Chief Executive Officer generally follows the Group's product categories

- Frozen products
- Canned products

Segment performance is evaluated based on gross profit (or loss) and is measured consistently with operating profit or loss in the consolidated financial statements. Although amortisation and depreciation is included in the gross profit measure for each segment, the related assets are not allocated to the segment for management reporting purposes.

During 2013, there were no inter-segment transfers.

32. SEGMENT INFORMATION (cont'd)

kEUR	Frozen products	Canned products	Total
Financial period ended December 31, 2013			
Revenues from external customers	94,817	22,821	117,638
Gross profit	18,082	3,138	21,220
Other income			810
Distribution expenses			(1,826)
Administrative expense			(4,065)
Other operating expense			(199)
Profit from operations			**15,940**
Financial income			585
Financial expenses			(1,870)
Profit before income tax			**14,655**
Amortisation, depreciation and expenses on land use rights	**1,319**	**317**	**1,636**
Financial period ended December 31, 2012			
Revenues from external customers	172,189	22,932	195,121
Gross profit	44,583	5,699	50,282
Other income			238
Distribution expenses			(1,669)
Administrative expense			(4,186)
Other operating expense			(683)
Profit from operations			**43,982**
Financial income			228
Financial expenses			(668)
Profit before income tax			**43,542**
Amortisation, depreciation and expenses on land use rights	**1,438**	**192**	**1,630**

The Group's revenues from external customers are divided into the following countries/geographical areas

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
People's Republic of China ("PRC")	12,428	33,173
Taiwan	30,856	41,657
Hong Kong	10,783	23,450
Rest of Asia	26,183	59,703
Germany	2,472	171
Rest of Europe	19,011	19,815
United States of America	9,023	10,744
Others	6,882	6,408
	117,638	195,121

The revenues from external customers are attributed to the countries/geographical areas by destination of shipment.

32. SEGMENT INFORMATION (cont'd)

The Group's gross profit is divided into the following countries/geographical areas:

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
People's Republic of China ("PRC")	2,285	7,903
Taiwan	6,046	10,048
Hong Kong	2,398	6,819
Rest of Asia	5,408	15,821
Germany	489	41
Rest of Europe	2,581	4,873
United States of America	1,681	3,289
Others	1,279	1,488
Inventories written off	(947)	–
	21,220	50,282
Other income	810	238
Distribution expenses	(1,826)	(1,669)
Administrative expense	(4,065)	(4,186)
Other operating expense	(199)	(683)
Profit from operations	15,940	43,982
Finance expense, net	(1,285)	(440)
Profit before income tax	14,655	43,542

Rest of Asia includes mainly Malaysia, Thailand, Vietnam and Sri Lanka.

Rest of Europe includes mainly Spain, Italy, United Kingdom, France and The Netherlands.

Others include mainly South Africa, Australia and Mexico.

In 2013, we made 10.7% of our revenues with one external customer. These revenues amounted to kEUR 10,514 for the frozen segment and kEUR 2,098 for the canned segment.

In 2012, we made 15.0% of our revenues with one external customer. These revenues amounted to kEUR 29,313 and were fully attributable to the segment "Frozen products".

The Group's non-current assets other than financial instruments and deferred tax assets are all located in the PRC.

33. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

kEUR	Dec 31, 2013	Dec 31, 2012
Financial assets		
Loans and receivables (including cash and cash equivalents balances)	78,754	89,796
Financial liabilities		
Liabilities excluding income tax liabilities (measured at amortised costs)	3,705	4,810

Financial risk management objectives and policies

Haikui strives to maximise the financial interest of its stakeholders through sound and efficient financial management involving the necessary financial and liquidity planning.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Management Board reviewed and informally defined policies for managing each of these risks regularly.

The Group has formalised and improved Group-wide policies, principles and guidelines for systematic and effective risk management. The Management Board has defined Group-wide principles and rules of behaviour as well as guidelines for systematic and effective risk management.

It is the Group's policy not to trade in derivative contracts.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As defined by IFRS 7, foreign exchange risks arise on account of financial instruments being denominated in a currency that is not the functional currency and being of monetary rate; differences resulting from the translation of financial statements into the group's presentation currency are not taken into consideration. The Group has transactional currency exposures arising from sales in USD. During the period ended December 31, 2013, approximately kEUR 105,210 (2012: kEUR 161,948) of the Group's sales were denominated in USD.

The Group has bank balances, trade receivables and loans denominated in USD and accordingly, the Group's statement of financial position can be affected by movements in the USD exchange rates.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions. The Group has not entered into any derivative instruments for hedging or trading purposes. The Group's currency exposure is as follows:

kEUR	United States Dollar	Chinese Renminbi	Euros	Singapore Dollar	Total
Dec 31, 2013					
Financial assets					
Other non-current assets	–	3,964	–	–	3,964
Trade receivables	18,895	47	–	–	18.942
Other current assets	–	6,031	–	3	6,034
Cash and cash equivalents	1,165	48,558	9	82	49,814
	20,060	58,600	9	85	78,754
Financial liabilities					
Trade payables	–	(15)	–		(15)
Other payables and accruals	–	(1,070)	(293)	(173)	(1,536)
Other borrowings	(2,006)	–	–	–	(2,006)
Due to related parties (non-trade)	–	(100)	–	–	(100)
Due to directors (non-trade)	–	–	(48)	–	(48)
	(2,006)	(1,185)	(341)	(173)	(3,705)
Net financial assets/ (liabilities)	18,054	57,415	(332)	(88)	75,049
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	–	(57,415)	332	88	(56,995)
Net foreign currency exposure	18,054	–	–	–	18,054
Dec 31, 2012					
Financial assets					
Other non-current assets	–	1,118	–	–	1,118
Trade receivables	28,422	5,888	–	–	34,310
Other current assets	–	5,428	–	2	5,430
Cash and cash equivalents	6,660	42,102	78	98	48,938
	35,082	54,536	78	100	89,796
Financial liabilities					
Trade payables	–	(1,133)	–	–	(1,133)
Other payables and accruals	–	(824)	(89)	(160)	(1,073)
Other borrowings	(2,317)	–	–	–	(2,317)
Due to related parties (non-trade)	–	(74)	–	–	(74)
Due to directors (non-trade)	–	–	(48)	(165)	(213)
	(2,317)	(2,031)	(137)	(325)	(4,810)
Net financial assets/ (liabilities)	32,765	52,505	(59)	(225)	84,986
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	–	(52,505)	59	225	(52,221)
Net foreign currency exposure	32,765	–	–	–	32,765

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and net equity to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

kEUR	Profit for the year 2013	Profit for the year 2012
USD/RMB		
- *strengthened 10%*	1,165	2,457
- *weakened 10%*	(1,165)	(2,457)

kEUR	Equity 2013	Equity 2012
USD/RMB		
- *strengthened 10%*	1,165	2,457
- *weakened 10%*	(1,165)	(2,457)

kEUR	Profit for the year 2013	Profit for the year 2012
USD/SGD		
- *strengthened 10%*	640	–*
- *weakened 10%*	(640)	–*

kEUR	Equity 2013	Equity 2012
USD/SGD		
- *strengthened 10%*	640	–*
- *weakened 10%*	(640)	–*

*In 2012, the Group's exposure to foreign-currency changes other than the USD to RMB was deemed to be not material.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(ii) Interest rate risk

The Group obtains additional financing through short-term bank loans and other borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at December 31, 2013 and December 31, 2012 there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

kEUR	As at Dec 31, 2013	As at Dec 31, 2012
Within one year		
Floating rate:		
Other borrowings	271	281
Within 2 to 5 years		
Floating rate:		
Other borrowings	1,735	1,124
More than 5 years		
Floating rate:		
Other borrowings	–	912

Interest in financial instruments subject to floating interest rates is re-priced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

Interest risk sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates.

If the interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended December 31, 2013 would (decrease) / increase by approximately kEUR (21) / +20 (2012: kEUR (23) / +18). The Group's equity as of December 31, 2013 would (decrease) / increase by approximately kEUR (21) / +20 (2012: kEUR (23) / +18), accordingly. This is mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(b) Credit risk

The Group's major classes of financial assets are bank deposits and trade receivables.

The carrying amounts of cash and bank balances, trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the statement of financial position are not impaired due to its good collection track record.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Chief Executive Officer based on on-going credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

The Group's trade receivables comprise 38 debtors (2012: 15 debtors) that individually represented 0.1% to 39.7% (2012: 0.1% to 62.4%) of trade receivables.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The maximum credit period granted on sales of goods is 100 days (2012: 90 days). No interest is charged on the trade receivables on the outstanding balance.

The age analysis of trade receivables (excluding VAT receivables) is as follows:

kEUR	Dec 31, 2013	Dec 31, 2012
Not past due and not impaired (Note 18)	18,942	34,310

The Group has not experienced any default in payment from its receivables for the financial year ended December 31, 2013.

(c) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

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 can be required to pay.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

	On demand or within 1 year			Within 2 to 5 year			After 5 year			Total		
kEUR	Interest	Repayment	Total	Interest	Repayment	Total	Interest	Repayment	Total	Interest	Repayment	Total
December 31, 2013												
Trade payables	–	15	15	–	–	–	–	–	–	–	15	15
Other payables and accruals	–	1,536	1,536	–	–	–		–	–	–	1,536	1,536
Due to related party (non-trade)	–	100	100	–	–	–	–	–	–	–	100	100
Due to directors (non-trade)	–	48	48	–	–	–	–	–	–	–	48	48
Other borrowings	20	271	291	53	1,735	1,788	–	–	–	73	2,006	2,079
Total	**20**	**1,970**	**1,990**	**53**	**1,735**	**1,788**	**–**	**–**	**–**	**73**	**3,705**	**3,778**
December 31, 2012												
Trade payables	–	1,133	1,133	–	–	–	–	–	–	–	1,133	1,133
Other payables and accruals	–	1,073	1,073	–	–	–	–	–	–	–	1,073	1,073
Due to related party (non-trade)	–	74	74	–	–	–	–	–	–	–	74	74
Due to directors (non-trade)	–	213	213	–	–	–	–	–	–	–	213	213
Other borrowings	24	281	305	66	1,124	1,190	5	912	917	95	2,317	2,412
Total	**24**	**2,774**	**2,798**	**66**	**1,124**	**1,190**	**5**	**912**	**917**	**95**	**4,810**	**4,905**

33. FINANCIAL RISK MANAGEMENT (cont'd)

Fair values of financial instruments

Fair value hierarchy

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

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2- Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3- Techniques which use inputs for the assets or liability that have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2013 and December 31, 2012, the Group held no assets within the scope of IAS 39, which are recorded at fair value.

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are presented in the financial statements.

	As at Dec 31, 2013		As at Dec 31, 2012	
kEUR	Carrying amount	Fair Value	Carrying amount	Fair value
Financial assets measured at amortised cost (loans and receivable)				
Other non-current assets	3,964	3,964	1,118	1,118
Trade receivables	18,942	18,942	34,310	34,310
Cash and cash equivalents	49,814	49,814	48,938	48,938
Other current assets	6,034	6,034	5,430	5,430
Total	**78,754**	**78,754**	**89,796**	**89,796**
Financial liabilities measured at amortised cost				
Trade payables	15	15	1,133	1,133
Other payables and accruals	1,536	1,536	1,073	1,073
Other borrowings	2,006	2,006	2,317	2,317
Due to related parties (non-trade)	100	100	74	74
Due to directors (non-trade)	48	48	213	213
Total	**3,705**	**3,705**	**4,810**	**4,810**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The carrying amounts of trade and other receivables, cash and cash equivalents, other current assets and liabilities, and other borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Fair values of financial instrument (cont'd)

Long-term receivables are evaluated by the Group based on parameters such as interest rates and individual creditworthiness of the recipient. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at December 31, 2013, the carrying amounts of such long term receivables, net of allowances, were not materially different from their calculated fair values (Level 2, DCF method).

The carrying amounts of the secured bank loans and other borrowings approximate their fair values (Level 2, DCF method) due to their variable interest rates.

There have been no transfers between Level 1 and Level 2 during the period.

The interest rates used to discount estimated cash flows, where applicable, are based on the following:

	Dec 31, 2013	Dec 31, 2012
	%	%
Financial assets		
Other non-current assets	6.15	6.15

34. Capital management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 26, cash and bank balances disclosed in Note 20, and equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in the consolidated statement of comprehensive income.

The Board of Directors reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Board will balance the Group's overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

35. Members of the Management Board and the Supervisory Board

The following individuals were members of the Management Board:

Mr. Zhenkui CHEN (Chairman, Chief Executive Officer)	Occupation:	Businessman
Mr. Zhenping HUANG(Deputy Chairman, Chief Operating Officer)	Occupation:	Businessman
Mr. Alan GEY (Chief Financial Officer)	Occupation:	Businessman

The following individuals were members of the Supervisory Board:

Dr. Klaus VIETEN (Chairman)	Occupation:	Businessman
Dr. Rainer SIMON (Deputy Chairman)	Occupation:	Businessman
Mr. Hock Eng CHAN	Occupation:	Businessman

36. Remuneration report

Total remuneration granted to the members of the Management Board

The total remuneration granted to the members of the Management Board pursuant to Sec. 285 No. 9a German Commercial Code amounted to kEUR 344.

Total remuneration granted to members of the Supervisory Board

The total remuneration granted to the members of the Supervisory Board pursuant to Sec. 285 No. 9a German Commercial Code amounted to kEUR 175.

Further information in the remuneration report is part of the Combined Management Report. An additional description of the information reported in the remuneration report has been therefore omitted.

37. Number of employees

Haikui employed an average of 1,722 employees, including 650 permanent workers and 1,072 temporary contract workers for 2013 compared to an average of 2,131, including 668 permanent workers and 1,463 temporary contract workers for 2012. There are no employees for Haikui Seafood AG.

Number of employees	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Finance, accounting and administration	112	110
Sales and procurement	69	67
Research and development	21	17
Production and quality assurance	448	474
Total permanent employees	650	668
Temporary contract workers	1,072	1,463
Total employees and temporary contract workers	1,722	2,131

38. Total remuneration of the group auditor

CROWE HORWATH Deutschland GmbH was appointed as the auditor of Haikui Seafood AG for the financial year 2013. The total remuneration of the group auditor for the financial year ended 2013 is disclosed below:

kEUR	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
Audit services	90	83
Other certification services	60	53
Tax services	8	3
Other services	4	–
	162	139

39. Events after the reporting period

On February 15, 2014, the Group entered into a contract for land levelling on the land use rights in Dongshan in preparation for the construction of the new factory. The value of the contract amounts to kEUR 11,007. The land levelling project is expected to be completed within 120 days from commencement of work.

Other than the above, there were no significant events that took place subsequent to the reporting period as at the date of this report.

40. Declaration of compliance with the German Corporate Governance Code

The Management Board and the Supervisory Board on March 14, 2014 jointly adopted the Company's Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (AktG). The Declaration of Compliance is made public on Haikui Seafood AG's website (www.haikui-seafood.com/en/investor-relations/corporate-governance/declaration-of-complaiance/).

41. Approval of the Consolidated Financial Statements

The consolidated financial statements for the financial year ended December 31, 2013 were approved and authorised for issuance by the Management Board on April 11, 2014.

Signatures of the Management Board

Frankfurt, April 11, 2014

Zhenkui CHEN	Zhenping HUANG	Alan GEY

Responsibility Statement

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of Haikui Seafood Group and that the group management report, which has been combined with the management report of Haikui Seafood AG, gives a true and fair view of the business development including the result and situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group for the remaining fiscal year.

Signatures of the Management Board

Frankfurt, April 11, 2014

Zhenkui CHEN	Zhenping HUANG	Alan GEY

AUDITOR’S REPORT

We have audited the consolidated financial statements prepared by Haikui Seafood AG, Hamburg, comprising the statements of financial position, comprehensive income, changes in equity and cash flow and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of Haikui Seafood AG, for the financial year from January 1, 2013 to December 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. [paragraph] 1 HGB are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Stuttgart, April 11, 2014

CROWE HORWATH Deutschland GmbH
Wirtschaftsprüfungsgesellschaft

Michael Jetter	Cornelia Schütze
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüferin [German Public Auditor]

FINANCIAL CALENDAR

Date*	Event
16 April 2014	Publication of annual report 2013
21 May 2014	Publication of Q1 2014 report
27 June 2014	Annual General Meeting
20 August 2014	Publication of half-year report 2014
21 November 2014	Publication of Q3 2014 report
24-26 November 2014	German Equity Forum 2014, Frankfurt am Main

*All dates are provisional and may be subject to change

IMPRINT

Haikui Seafood AG
c/o Norton Rose Fulbright LLP
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main

Phone: +49-40-609 186–0
Fax: +49-40-609 186–60
Email: haikui@kirchhoff.de

Concept Design and Photography
Cre8 Singapore

Date of Publication
April 16, 2014

Investor Relations
Phone: +49-40-609 186–0
Fax: +49-40-609 186–60
Email: haikui@kirchhoff.de
Internet: www.haikui-seafood.com

Cautionary note regarding forward-looking statement

This document contains forward-looking statements, which are based on the current estimates and assumptions by the corporate management of Haikui Seafood AG. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations would turn out to be accurate. Future performance and the results actually achieved by Haikui Seafood AG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forwardlooking statements. Many of these factors are outside Haikui Seafood AG's control and cannot be accurately estimated in advance, such as the future economic environment or the actions of competitors and others involved in the marketplace. Haikui Seafood AG neither undertakes nor plans to update any forward-looking statements.

Haikui Seafood AG

c/o Norton Rose Fulbright LLP
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main

Phone: +49-40-609 186–0
Fax: +49-40-609 186–60
Email: haikui@kirchhoff.de