NETTING VALUE FROM A SEA OF OPPORTUNITIES

2012 ANNUAL REPORT | **Haikui Seafood AG**

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.

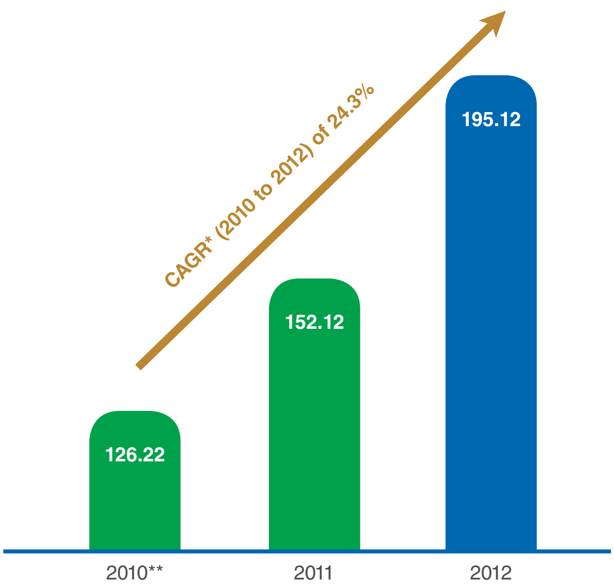
KEY FINANCIALS

		2012	2011 "as if"	Change in %
Revenue	EUR million	195.12	152.12	28.3
Gross profit	EUR million	50.28	37.91	32.6
Gross margin	%	25.77	24.92	0.85pp
EBIT	EUR million	43.98	32.36	35.9
Adjusted EBIT (1)	EUR million	44.09	33.84	30.3
Adjusted EBIT margin (1)	%	22.60	22.25	0.35pp
Net profit	EUR million	32.18	26.73	20.4
Adjusted profit for the year (1)	EUR million	32.30	28.20	14.5
Adjusted profit for the year margin (1)	%	16.55	18.54	-1.99pp
Earnings per share (2)	EUR	3.16	2.67	18.4
Adjusted earnings per share (1) (2)	EUR	3.17	2.82	12.6

(1) Adjusted for non-recurring IPO expenses.
(2) Earnings per share 2011 "as if" is based on 10 million shares, for 2012 it is based on the weighted average of shares (10.17 million shares).
(3) For further explantion of the 2011 "as if" figures, please see Note 3 of the notes to the consolidated financial statements.

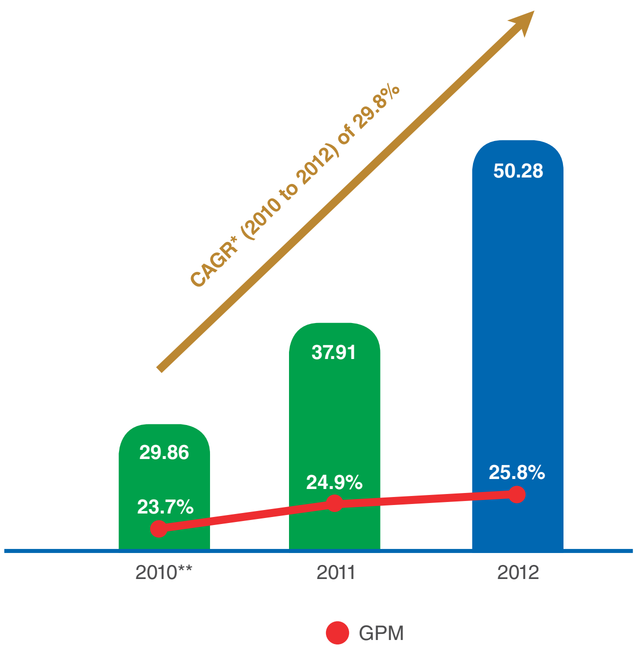
REVENUE

(in EUR million)



GROSS PROFIT

(in EUR million)



* CAGR: Compounded annual growth rate
** As Haikui Seafood AG was formed on February 24, 2011, the figure is based on the consolidated financial statements of Haikui Seafood Pte. Ltd. (formerly known as China Haikui Pte. Ltd.). For further explanation, please see Note 3 of the notes to the consolidated financial statements.


United States
of America

CASTING THE NET FAR AND WIDE

We provide over 100 types of frozen and canned seafood products to our customers in China, Asia, Europe and the United States. Hungry for more, we are reaching to strengthen our market share in existing and new markets.

CONTENTS

QUALITY FIRST

That's why we have quality practices that begin from the selection of raw materials, to processing, packaging as well as delivery to ensure that no matter which of our over 100 seafood products you choose, it tastes as if it just swam onto your plate.

LETTER TO SHAREHOLDERS

DEAR FELLOW SHAREHOLDERS

In 2012 we achieved an important milestone in Haikui Group's history. Despite the challenging capital market conditions, we successfully floated the Company's shares in the Prime Standard of Frankfurt Stock Exchange in May 2012. In addition, we made significant progress achieving our long-term strategic goals: We further strengthened Haikui's competitiveness and continued on our successful growth path by increasing our processing capacity and maintaining our high standards of quality and efficiency. I am very proud to present you our first annual report after the Initial Public Offering ("IPO"), which will give you a deeper insight on Haikui's business development.

Our progress is reflected in our very satisfying 2012 financial results. We reached our ambitious targets! We have generated revenue of approximately EUR 195.1 million, exceeding last year's revenue by 28.3%. Hence, we could even exceed the 25% revenue growth mark stated in our guidance for 2012. In RMB terms, our revenue grew by approximately 15.8% year-on-year. We also have remained highly profitable and outperformed our earnings targets. Gross profit amounted to EUR 50.3 million, which represents an increase of 32.6% compared to 2011. EBIT reached EUR 44.1 million which translates into a 35.9% increase year-on-year and an improved EBIT margin of 22.6%.

We successfully pursued our two-pronged strategy – geographical expansion as well as broadening our product portfolio – to further expand the processing and distribution of our products.

To further diversify our customer base and increase our international presence, we expanded our sales network and marketing activities, which enabled us to gain new customers not just in our existing markets but also in new markets such as Sri Lanka and India. Already in 2012, we generated total revenue of more than EUR 3 million from new customers in Sri Lanka.

Also in the Chinese market we made progress on our strategy. In August 2012, we appointed four companies as our local distributors in China. Located in the two largest Chinese cities Beijing and Shanghai as well as in the Sichuan Province, these new distributors can reach almost 270 million potential customers. However, being a newcomer and late entrant to the Chinese market, still more time and efforts will be needed to promote our products. Moreover, despite the rising affluence of the Chinese consumers, they are still quite price sensitive for food products. In the mid-term, we expect this price sensitivity to decrease and quality issues to become more important. Accordingly, it may take a while for the results of our efforts to penetrate the Chinese market to be shown.

We used the net IPO proceeds to finance our general working capital requirements and upgrade our existing processing capacity. Through replacement and increased automation, we now have the annual capacity to process more than 34,000 tonnes of seafood products (on an output basis) at our existing facilities. To cater for our future growth, we will particularly focus our investment to construct a new factory on another site in Dongshan.

The objective is to significantly increase our overall output and further improve efficiency. Negotiations with the local Chinese authorities to acquire a land plot are still on-going.

In 2013, we are still facing an uncertain global economic environment. Notwithstanding weakening global economic outlook and potential processing capacity constraints, we expect revenue to grow but at a slower pace compared to the growth experienced in 2012. Gross margins and EBIT margins may also come under slight pressure in 2013 due to higher raw material costs, and higher administrative cost of being a listed entity.

Regarding our mid- to long-term prospects we are optimistic due to a promising market environment. With raising health awareness and hectic lifestyle, and as people becomes more aware and place greater emphasis on food quality and safety issues, we believe that demand for processed seafood, particularly those of Haikui – a manufacturer of high quality processed seafood – will continue to grow. Due to our sound financial position, competitive product offering, investments in growth, and commitment towards delivering safe and high quality products, we believe Haikui will be able to further strengthen its market position in the seafood industry and continue to create and deliver value to its shareholders.

Finally, I would like to thank you, our shareholders, employees and business partners, for your valued support over the recent financial year. We are looking forward to our continued future partnership!

Sincerely yours,

Mr. Zhenkui CHEN
CEO Haikui Seafood AG

MEMBERS OF THE MANAGEMENT BOARD

From left to right: Mr. Alan GEY, Mr. Zhenkui CHEN, Mr. Zhenping HUANG

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. He is also a non-practising member of the Institute of Certified Public Accountants of Singapore.

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 Incorporation, Rules of Procedure (Geschäftsordnung) and the German Corporate Governance Code in the financial year 2012.

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 – Re-appointment 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.

Dr. Klaus VIETEN and Dr. Rainer SIMON were initially appointed on May 31, 2011 while Mr. Hock Eng CHAN was initially appointed on August 8, 2010. At the Annual General Meeting ("AGM") on April 11, 2012, the Supervisory Board members were re-appointed for a 3-year term ending after the AGM approving the Supervisory Board for the financial year 2014.

No other changes occurred in the Supervisory Board or Management Board of the Company in 2012.

Cooperation between the Supervisory Board and the Management Board

In the financial year 2012, members of the Management Board attended the Supervisory Board meetings during which they intensely discussed the Company's situation, business development, the financial situation as well as fundamental questions regarding the corporate strategy. The members of the Supervisory Board prepared for upcoming resolutions 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 2012

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 2012. In addition, various resolutions were taken by way of written votes. A major focus of the Supervisory Board's work in particular during the first half of 2012 were the preparations for, the successful completion of, and the discussions after the Company's IPO on the Prime Standard of the Frankfurt Stock Exchange, which occurred on May 15, 2012.

During the first Supervisory Board meeting which took place in Frankfurt on March 12, 2012, the Supervisory Board discussed with the Management Board the status of the preparations of the intended IPO on the Frankfurt Stock Exchange. 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, especially the figures related to revenue and cash flows were above the figures initially forecast. During this meeting, all the Supervisory Board members agreed to be re-appointed for a further 3-year period.

In a further meeting held on April 9, 2012, the Supervisory Board dealt with the Company's individual 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 individual financial statements and the consolidated financial statements, the Supervisory Board agreed to the auditor's results and approved the financial statements prepared by the Management Board. The Supervisory Board adopted the Company's individual financial statements 2011 and its report to the shareholders during this meeting.

In preparation of the Company's IPO, during the meeting on April 9, 2012 the Supervisory Board also discussed a draft version of an underwriting agreement between the Company, its major shareholders and the banking consortium advising on the IPO, as well as the offer structure for the IPO and the price range at which the Company's shares were to be offered in the IPO. The Supervisory Board agreed with the conclusion of the Underwriting Agreement and with a price range from EUR 10.00 to EUR 13.00 for offer shares by way of a written resolution on April 16, 2012.

In another meeting held on April 20, 2012, the Supervisory Board approved the new service agreements for the Management Board members.

In its meeting held in Frankfurt on May 10, 2012, the Supervisory Board approved a cash capital increase from EUR 10,000,000 by EUR 276,000 to EUR 10,276,000 for the Company's IPO.

In another meeting in Frankfurt on May 16, 2012, the Supervisory Board discussed with the Management Board the outcome of the IPO that had occurred one day earlier with the first day of trading of the Company's shares on the Frankfurt Stock Exchange. It was also discussed which follow-up steps were required by the Company as a newly listed company. The Supervisory Board reviewed the Company's operating performance in the first quarter of 2012, in particular development of revenues, margins and how they compared with the budget. Financing of the Group's activities and progress with investment projects, specifically those relating to the upgrade of facilities at the existing plant and the acquisition of land for the construction of new plant, were also discussed.

The Supervisory Board voted in favor of the Management Board's proposal to conduct a capital increase of US$ 10 million in Fujian Dongshan Haikui Aquatic Products Co., Ltd. with an initial capital injection of US$ 2 million and the remaining US$ 8 million to be injected in full over the next two years. The resolution was passed on June 13, 2012.

In its meeting on August 16, 2012 in Dongshan, the Supervisory Board and Management Board reviewed the Company's business and financial development in the first half of 2012, in particular development of revenues, margins, financing of the Group and business strategy. The Management Board also provided an update on the status of negotiations with the government with respect to the land acquisition before bringing the Supervisory Board members to visit the actual site in Dongshan.

In its meeting on November 22, 2012 in Frankfurt, the Supervisory Board reviewed the Company's business and financial developments based on reports presented by management. The Supervisory Board also discussed business and corporate strategy with the Management Board. The Supervisory Board also discussed the Company's future dividend policy with the Management Board during this meeting. Furthermore, a discussion regarding the financial calendar and the AGM were part of the agenda.

In a telephone conference held on December 20, 2012, the Supervisory Board dealt with the Company's budget for financial year 2013. To prepare for this meeting, the Supervisory Board members were provided with extensive documents which the Supervisory Board dealt with in detail. After intensive discussion with the Management Board, the budget 2013 was approved.

Committees

The Supervisory Board 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 2012.

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 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 management company that manages, inter alia, Mega Bond International Limited and Everswift Holdings Limited, two shareholders of the Company which, as at 31 December 2012, had shareholdings of 34.48% and 1.75% in the Company, respectively. Mr. Hock Eng CHAN's position as a representative of a shareholders may on occasions create potential conflicts of interest. Whenever such potential conflicts arise, Mr. Hock Eng CHAN will 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 2012.

Audit of the financial statements 2012

The individual financial statements of Haikui Seafood AG were prepared according to the requirements of the German Commercial Code ("Handelsgesetzbuch") and German Stock Corporation Act ("Aktiengesetz"). The consolidated financial statements of the Haikui Group were prepared according to the German Commercial Code and 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 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 31 December 2012.

Haikui'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 appropriate, with the German Commercial Code, the German Stock Corporation Act and/ or the International Financial Reporting Standards 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 submitted 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 19, 2013 and April 15, 2013. 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 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 2012.

On behalf of the Supervisory Board

DR. Klaus VIETEN
Chairman of the Supervisory Board
Frankfurt, April 15, 2013

MEMBERS OF THE SUPERVISORY BOARD

From left to right: Dr. Rainer SIMON, Dr. Klaus VIETEN, Mr. Hock Eng CHAN

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 Managing Director of Hussmann & Hahn GmbH & Co., which was merged with Pickenpack Tiefkühlgeseslischaft mbH in 2003. Dr. Vieten was also Managing Director of Flamingo Fisch GmbH & Co. KG, 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 based oil and gas exploration company.

Dr. Rainer SIMON
Deputy Chairman

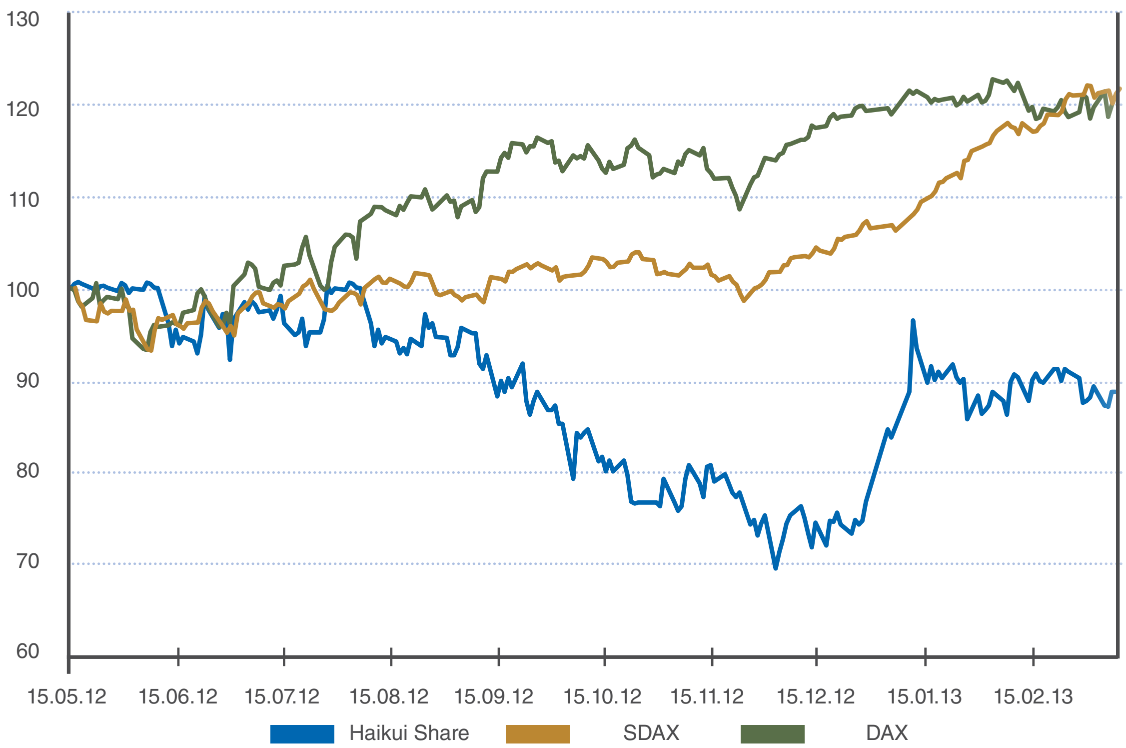
Dr. Rainer SIMON studied Business Administration at the University of St. Gallen in Switzerland and graduated in 1976. He obtained his PhD from the University of St. Gallen in 1979. His professional career started at Continental AG, Hanover, Germany, where he worked from 1979 until 1990, first as a Marketing 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.

HAIKUI SHARE

Haikui Share Performance



Challenging capital market environment

The year 2012 was marked by the on-going unresolved international fiscal debt crisis. The European financial and capital markets experienced some volatility due to the tense situation of the European Union members. The investors' increasing concern and mistrust in badly performing states and the European Central Bank measurements led to shifts of capital towards relatively stable nations such as Germany.

Therefore, the German economy regained strength, reflected in the performance of the German stock indices. In the second half of 2012, the DAX experienced an almost constant increase, closing at 7,612.39 points on December 28, 2012, a plus of 29.1% in 2012. This positive movement continued in the first month of 2013 but tailed off with some volatility at 7,741.70 points on February 28, 2013.

The SDAX trended in similar fashion to the DAX, closing at 5,249.35 points on December 28, 2012, a plus of 18.7%. However, starting in November 2012 until today, the SDAX experienced a steeper increase closing at 6,013.32 points on February 28, 2013.

Development of the share

Haikui's shares were successfully launched on May 15, 2012 on the Frankfurt Stock Exchange. The shares were issued in the Prime Standard, the segment with the highest transparency level with an initial price of EUR 10.00. During the first month after the IPO, the price of Haikui share remained relatively stable. However, it could not follow the index performance in the second half of 2012. Haikui share reached its year-low of EUR 6.97 on November 26, 2012. It quickly recovered to eventually close at EUR 8.40 on December 28, 2012 which was the last trading day in 2012. Overall, the Haikui share price fell by 16.3% from its launch on May 15, 2012 until December 28, 2012.

In the beginning of 2013, Haikui share peaked at EUR 9.68 on January 3, 2013 and stabilised around 90% of its initial price, closing at EUR 8.90 on 28 February 2013.

Designated Sponsors and research coverage

Haikui has designated sponsorship and regular research coverage from BankM – representative of the biw Bank für Investments und Wertpapiere AG. It is also covered by Pareto Securities AS, an investment bank in Norway that specialises in seafood, shipping and oil services sectors. Both of them were the lead managers of the Company's IPO in 2012. Their research reports can be found on the Company's website at www.haikui-seafood.com/investor-relations/research/

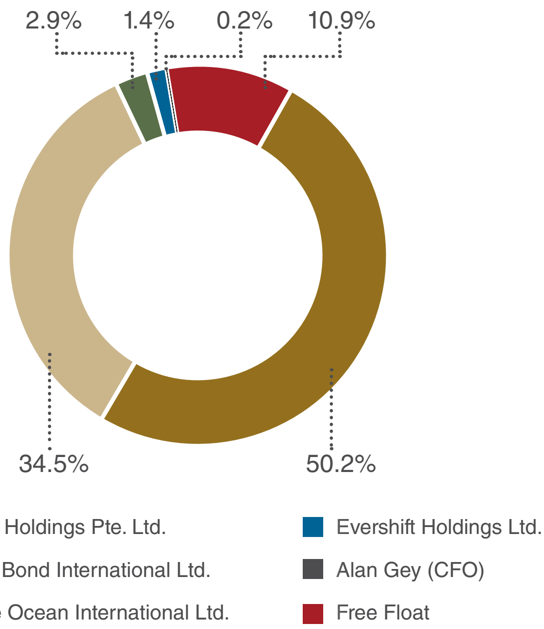
In their most recent research reports dated December 12, 2012 and January 14, 2013, both investment banks have made a "Buy" recommendation on Haikui with BankM establishing EUR 26.94 as the fair value of Haikui share and Pareto Securities setting a target price of EUR 30.00.

Investor Relations commitment

During the IPO process, Haikui conducted numerous discussions with potential investors during international road shows. After its listing, the primary objective was to further increase awareness and build up investors' confidence in the company. Therefore, Haikui is committed to actively engaging in and maintaining accessibility for its shareholders and potential investors to meet their information needs. To facilitate open, comprehensive and transparent communication as well as increase awareness within the financial community, the management goes on road shows and regularly avails itself to explain the results, business model and strategies of Haikui to potential investors in greater details. During the German Equity Forum that was organised by Deutsche Borse in Frankfurt from November 12 to November 14, 2012, Haikui's CFO Alan GEY presented Haikui's current business development and its promising outlook to a broad audience of investors, analysts and journalists and answered their queries.

To provide a continuous flow of information to the market, Haikui will publish news on material events and developments; conduct individual talks; organise telephone conferences; as well as attend analysts' and investors' conferences. All these activities are geared towards an objective and fair assessment of Haikui share. All up-to-date capital market-related information could be found on the Company's website at www.haikui-seafood.com.

Shareholder Structure *



*as of 28 February 2013

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 2012 (in EUR)	
Year-end price	8.40
High	10.07
Low	6.97
Earnings per share	3.16
Market capitalisation (February 28, 2013) (in million)	91.46

FOCUSED ON DELIVERING QUALITY

We implement internationally certified quality control procedures throughout our value chain to consistently deliver products that conform to high standards of quality.

CORPORATE GOVERNANCE REPORT

Haikui Seafood AG (the "Company") was listed on the Prime Standard of the Frankfurt Stock Exchange on May 15, 2012 after fulfilment of the applicable listing requirements and thereby completion of its IPO process. Since then, it has fulfilled its responsibilities as a listed company by complying with statutory requirements and regulations while concurrently achieving rapid growth and high profitability.

The Supervisory Board and Management Board of the Company are committed to the principles of good and responsible corporate governance. The Company's aim is to gain and maintain the trust of all its stakeholders through transparency, generation of profits and growth in a responsible manner to increase shareholder value, and through close and constructive co-operation between the Supervisory Board and Management Board.

In accordance with Item 3.10 of the German Corporate Governance Code (the "Corporate Governance Code") and Section 289a of the German Commercial Code, the Corporate Governance Report of the Company includes the Corporate Governance Statement (Erklärung zur Unternehmensführung) of the Company.

1. Shareholders and Annual General Meeting

The shareholders exercise their voting rights at the Annual General Meeting ("AGM"). In accordance with the German Stock Corporation Act the AGM takes place within the first eight months of each fiscal year. All shares are pari passu equal to one vote at the AGM.

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

The applicable reports and documents, including the annual report and agenda, which are legally required for the AGM, are from the convocation date onwards published under www.haikui-seafood.com. Subsequent to the AGM, 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 the Company 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 pertaining to the financial resources, the development of 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 reported by the Management Board 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 the Supervisory Board within the annual report.

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

The Company presents the remuneration of the members of the Management Board individually in the remuneration report which is part of the combined management report.

The Company has entered into D&O insurance for its members of the Management Board in accordance with the statutory requirements of Section 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. The following cases of potential conflicts of interest of Management Board members existed in the financial year 2012:

- Potential conflicts of interest arising from the shareholdings of the Management Board members as set out further below in the section on Directors' shareholdings and directors' dealings.

3. Supervisory Board

3.1 Members

The Supervisory Board members are appointed by the general meeting of shareholders. The Supervisory Board of the Company 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, the effectiveness of the internal risk management system and internal control system, as well as the effectiveness of the auditing process. Further details on the activities and on the cooperation between the Management Board and Supervisory Board can be found in the Report of the Supervisory Board.

3.3 Remuneration/ D&O insurance

The Company presents the remuneration of the members of the Supervisory Board individually in the remuneration report which is part of the combined 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. The following cases of potential conflicts of interest of Supervisory Board members existed in the financial year 2012:

- Potential conflicts of interest arising from the position of Mr. Hock Eng CHAN as Managing Partner of Zana Capital Pte. Ltd., a fund management company that manages, inter alia, Mega Bond International Limited and Everswift Holding Limited the shareholder of the Company, as set out further below in the section on Director's shareholdings and directors' dealings.

4. Corporate governance statement 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 the Company'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 19, 2013 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/en/investor-relations/corporate-governance/declaration-of-compliance).

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. Haikui has a written code of conduct and employee manuals and policies, which are communicated to all employees. All employees are required to comply with Haikui Group's code of conduct when they join the Haikui Group. Departures from Haikui 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, Haikui 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 the Company'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 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 minimize, diversify, transfer or avoid risks thus ensuring the continuity of Haikui. The risk management process is supported through the controlling and auditing functions.

(d) Avoiding and dealing with potential conflicts of interest

The Supervisory Board and Management 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.

(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 Section 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 Supervisory Board and the Management Board

In accordance with the laws for German stock corporations, Haikui Seafood AG has a dual board structure consisting of the Supervisory Board and the Management 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 Supervisory Board and the Management 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 Supervisory Board and the Management 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 inform the Supervisory Board on all matters which are relevant for Haikui Group. This information includes the intended business policy, Haikui 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

The members of the Management Board and Supervisory Board have the following shareholdings in the Company[1]:

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

1 According to Company's knowledge based on voting rights notifications it has received after its IPO and based on information obtained from its shareholders during the preparations of the IPO and afterwards.

Mr Hock Eng CHAN, a member of the Supervisory Board, 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 management company that manages, inter alia, Mega Bond International Limited and Everswift Holdings Limited, two shareholders of the Company which as at December 31, 2012 had shareholdings of 34.48% and 1.75% in the Company, respectively.

5.2 Directors' dealings

In the financial year 2012, the Haikui Seafood AG received notifications regarding the following transactions of its directors in shares of the Company:

Date of notification	Name of Shareholder	Director involved	Kind of transaction	Number of shares	Price per share
May 11, 2011	Haida Holdings Pte. Ltd.	Mr. Zhenkui CHEN	Sale	200,000	EUR 10.00

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 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 European Union, and the additional requirements of German commercial law pursuant to Section 315a Para. 1 German Commercial Code. 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 European Union, 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 Section 37w, 37x Para. 3, 37y of the German Securities Trading Act ("Wertpapierhandelsgesetz/WpHG") and Section 50 and 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 AGM. For the financial year 2012, Crowe Horwath, has been appointed as auditor by the AGM on April 11, 2012. 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 the Supervisory Board pursuant to Section 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 AGM. Current information is permanently available and may be obtained from the Company's website (www.haikui-seafood.com), providing all relevant information both in German and English. Apart from extensive information about the Haikui Group and the Company share, the website contains the Company's financial calendar providing an overview about all important events.

MANAGEMENT REPORT CONTENTS

COMBINED MANAGEMENT REPORT

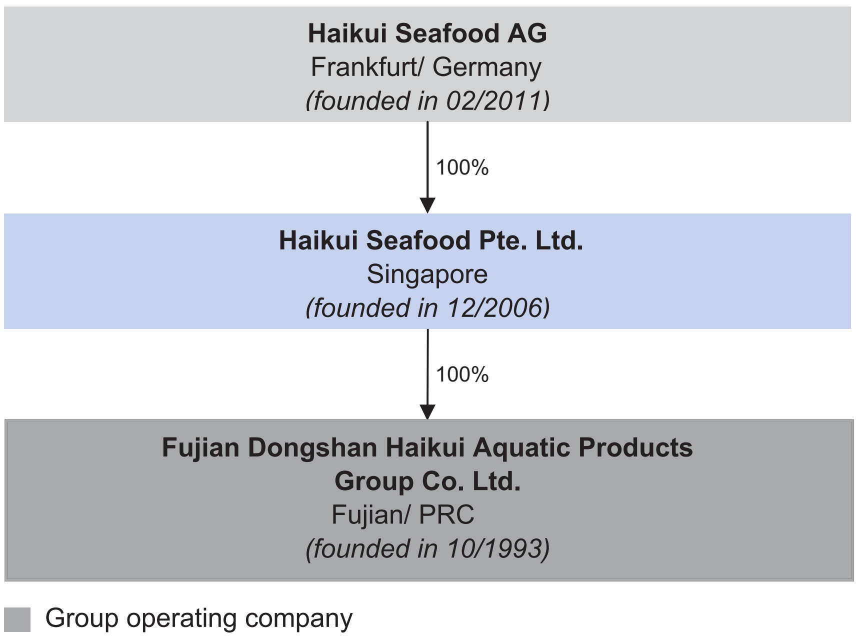
1. Group profile

Haikui Seafood 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. Haikui'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 products are packaged and sold under third-party brands or under the company's own "Haikui" brand to its customers.

Haikui Seafood AG (the "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 Haikui Seafood Group. The intermediate holding company, Haikui Seafood Pte. Ltd., is located in Singapore. The operating company Fujian Dongshan Haikui Aquatic Products Group Co. Ltd is located in China. The Company and its subsidiaries are included in the consolidated financial statements of the Group.

Haikui Seafood Group Structure



2. Business and operating environment

2.1 Overall economic environment

The world economy has weakened considerably during 2012 and is expected to remain subdued in the coming two years. According to the latest World Economic Situation and Prospects 2013 published by the United Nations, the global economy (measured in world gross product) is expected to reach 2.2% in 2012 and is forecast to grow at 2.4% in 2013 and 3.2% in 2014, a significant downgrade from the United Nation's forecast of half a year ago.

This pace of growth will be far from sufficient to overcome the continued jobs crisis that many countries are still facing. With existing policies and growth trends, it may take at least another five years for Europe and the United States to make up for the job losses caused by the Great Recession of 2008-2009. Weaknesses in the major developed economies are at the root of the global economic slowdown, particularly Europe, which is trapped in a vicious cycle of high unemployment, financial sector fragility, heightened sovereign risks, fiscal austerity and low growth. Several European economies and the euro zone as a whole are already in recession, and euro zone unemployment increased further to a record high of almost 12% in 2012. The US economy also slowed significantly during 2012 and growth is expected to remain meagre at 1.7% in 2013. Deflationary conditions continue to prevail in Japan.

The economic woes in Europe, Japan and the United States are spilling over to developing countries through weaker demand for their exports and heightened volatility in capital flows and commodity prices. The larger developing economies also face home-grown problems with some (including China) facing much weakened investment demand because of financing constraints in some sectors of the economy and excess production capacity elsewhere. Most low-income countries have held up relatively well so far, but are now also facing intensified adverse spillover effects from the slowdown in both developed and major middle-income countries.

The prospects for the next two years continue to be challenging, fraught with major uncertainties and risks slanted towards the downside. A worsening of the euro zone crisis, the ‘fiscal cliff’ in the United States and a hard landing in China could cause a new global recession.

Economies in developing Asia have weakened considerably during 2012, as the region’s growth engines, China and India, have shifted into lower gear. While a significant deceleration in exports has been a key factor behind the slowdown, both economies also face a number of structural challenges that hamper growth. China and many East Asian economies possess much greater space for countercyclical policy. In the World Economic Situation and Prospects 2013 outlook, average growth in East Asia is forecast to pick up mildly to 6.2% in 2013, from the estimated 5.8% in 2012.

2.2 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 in 2011 and 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.

Capture fisheries and aquaculture supplied the world with about 148 million tonnes of fish in 2010 (with a total value of US$ 217.5 billion), of which about 128 million tonnes was utilized as food for people, and preliminary data for 2011 indicate increased production of 154 million tonnes, of which 131 million tonnes was destined as food. With sustained growth in fish production and improved distribution channels, world fish food supply has grown dramatically in the last five decades, with an average growth rate of 3.2% per year in the period 1961–2009, outpacing the increase of 1.7% per year in the world’s population. World per capita food fish supply increased from an average of 9.9 kg (live weight equivalent) in the 1960s to 18.4 kg in 2009, and preliminary estimates for 2010 point to a further increase in fish consumption to 18.6 kg. Of the 126 million tonnes available for human consumption in 2009, fish consumption was lowest in Africa (9.1 million tonnes, with 9.1 kg per capita), while Asia accounted for two-thirds of total consumption, with 85.4 million tonnes (20.7 kg per capita), of which 42.8 million tonnes was consumed outside China (15.4 kg per capita).

2.3 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 modernize 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. Riding on these government initiatives, for the financial year ending December 31, 2012, approximately EUR 41.7 million (2011: EUR 24.4 million) of Haikui's sales were to Taiwan.

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. Urbanization and rising incomes are expected to drive higher demand for convenience foods such as the Company's frozen and canned seafood products. To capitalize on this development, Haikui 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.

Not unlike the phenomenon observed in China, demand for seafood products from international markets is also rising. The developments on these two fronts could be explained by the steady growth in world's population, improved standards of living, rising health awareness, improved marketing system, network and distribution infrastructure, and processing technologies including cold storage transportation. Higher demand of Chinese seafood products from domestic and international markets has benefited Haikui and contributed to its strong performance in FY2012.

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. Going forward, the Group expects its business to expand in tandem with the expected growth in raw material supply and consumption of seafood products.

2.4 Competitive environment

The Chinese market for processed seafood is characterized by large processing capacities and a very fragmented industry landscape. According to the Ministry of Agriculture, China had 9,611 aquatic processing facilities in 2011 compared to 9,762 in 2010. However, total processing capacity increased to 24.3 million tons from 23.9 million tons in the previous year, indicating a moderate consolidation in the sector. Of the total 9,611 processing facilities, 6,413 (or 67%) are concentrated in Zhejiang, Shandong, Fujian, and Guangdong provinces. (Source: USDA Foreign Agricultural Service)

In 2011, 19.8 million tons of aquatic products were processed, significantly higher than the 17.8 million tons in the previous year and 18.2 million tons in 2009. Total processed aquatic product volume stood at 17.8 million tons, of which the frozen processed aquatic product reached 5.6 million tons, up by 1.1 million tons from 2010. 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.

According to the Fujian Provincial Committee of Foreign Trade and Economic Cooperation, Fujian Haikui was the top seafood exporting company in Fujian Province in terms of export volume since 2008.

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 specialize 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 (eg: 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; its stronger bargaining power towards suppliers; and its strategic location with strong accessibility to abundant 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. Results of operations, financial position and net assets

3.1 Results of operations

The table below shows the consolidated income statement for the full year 2012 compared to the "as if" income statement for the 12 months of 2011.

As Haikui Seafood AG (formerly known as China Haikui AG) was formed on February 24, 2011 when the transfer of the entire shares in Haikui Seafood Pte. Ltd. (formerly known as China Haikui Pte. Ltd.) into Haikui Seafood AG took legal effect, the "as if" income statement combines the Haikui Seafood Pte. Ltd. consolidated income statement for 2011 with the income statement of Haikui Seafood AG for the period from its formation to December 31, 2011. See Note 3 of the notes to the financial statement for further explanation of the "as if" figures.

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

kEUR	2012	2011 "as if"	Change in %
Revenue	**195,121**	**152,116**	**28.3**
Cost of sales	(144,839)	(114,203)	26.8
Gross profit	**50,282**	**37,913**	**32.6**
Other income	238	285	-16.5
Distribution expenses	(1,669)	(1,596)	4.6
Administrative expenses	(4,186)	(2,714)	54.2
Other operating expenses	(683)	(1,524)	-55.2
Profit from operations (EBIT)	**43,982**	**32,364**	**35.9**
Net finance expenses	(440)	(1,613)	-72.7
Profit before income tax	**43,542**	**30,751**	**41.6**
Income tax	(11,358)	(4,026)	182.1
Profit for the year	**32,184**	**26,725**	**20.4**
EBITDA	**45,613**	**33,815**	**34.9**

3.1.1 Revenue

Revenue increased by approximately kEUR 43,005 or 28.3% from kEUR 152,116 in 2011 to kEUR 195,121 in 2012, exceeding its guidance of 25% growth in revenue communicated in its Q3 Interim Report. Measured in RMB, the functional currency of Haikui, revenue grew by approximately 15.8% year-on-year.

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.

3.1.2 Cost of sales

Cost of sales consists of costs for the purchase of materials, direct labour costs and manufacturing overheads. Cost of sales increased by approximately kEUR 30,636 or 26.8% from kEUR 114,203 in 2011 to kEUR 144,839 in 2012. The increase was generally in line with the increase of revenue.

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.

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	2012	%	2011 "as if"	%
Direct material	135,740	93.7	107,681	94.3
Direct labour	4,651	3.2	3,730	3.3
Manufacturing overheads	4,448	3.1	2,792	2.4
Gross profit	**144,839**	**100.0**	**114,203**	**100.0**

3.1.3 Gross profit and gross profit margin

Gross profit increased by approximately kEUR 12,369 or 32.6% from kEUR 37,913 in 2011 to kEUR 50,282 in 2012 and gross profit margin increased by approximately 0.9 percentage points from 24.9% in 2011 to 25.8% in 2012.

The gross profit margin is affected by changes in the product mix and by changes in the prices of raw materials and selling prices of the products. The increase in gross profit margins was mainly due to higher sales of crab products which command higher margins.

3.1.4 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 outstanding performance achieved. Other income decreased by approximately kEUR 47 or 16.5% from kEUR 285 in 2011 to kEUR 238 in 2012.

3.1.5 Distribution expenses

Distribution expenses comprise mainly freight charges, inspection expenses and other sales-related expenses (sales taxes, advertising and promotion costs, and wages). Distribution expenses increased by approximately kEUR 73 or 4.6% from kEUR 1,596 in 2011 to kEUR 1,669 in 2012. As a percentage of revenue, distribution expenses were comparable at 0.9% for 2012 and 1.0% for 2011.

3.1.6 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 costs of office supplies. Administrative expenses increased by approximately kEUR 1,472 or 54.2% from kEUR 2,714 in 2011 to kEUR 4,186 in 2012 mainly due to the higher cost of being a listed company.

3.1.7 Other operating expenses

Other operating expenses comprise mainly of donations and IPO expenses. Other operating expenses decreased by approximately kEUR 841 or 55.2% from kEUR 1,524 in 2011 to kEUR 683 in 2012. This was due to capitalised IPO expenses resulting from a first listing attempt in 2011 being written off in 2011.

3.1.8 Net finance expenses

Net finance expenses are the net position of finance expenses and finance income. Finance income comprises bank interest income, foreign exchange gains, and the amortisation of unearned interest. Finance expenses comprise interest expenses for other borrowings, foreign exchange losses, bank charges and amortisation of unearned interest.

Net finance expenses decreased by approximately kEUR 1,173 or 72.7% from kEUR 1,613 in 2011 to kEUR 440 in 2012. The decrease was mainly due to fair value adjustments made in Q1 2011 for long term advances made to suppliers under the framework agreements and lower foreign exchange losses incurred in 2012.

3.1.9 Profit from operations (EBIT)

EBIT increased by approximately kEUR 11,618 or 35.9% from kEUR 32,364 in 2011 to kEUR 43,982 in 2012 and EBIT margin increased by approximately 1.2 percentage points from 21.3% in 2011 to 22.5% in 2012. The increase in EBIT and EBIT margin was mainly due to the increase in sales of both frozen and canned products while achieving higher gross margins.

3.1.10 Income tax

Income tax expenses increased by approximately kEUR 7,332 or 182.1% from kEUR 4,026 in 2011 to kEUR 11,358 in 2012. At the group level, this represents an effective tax rate of 26.1% and 13.1% for 2012 and 2011 respectively.

There was no taxable income for Haikui Seafood AG (formerly known as China Haikui AG) and Haikui Seafood Pte. Ltd. (formerly known as China Haikui Pte. Ltd.) in 2012 and 2011. Fujian Haikui was subject to income tax rate of 25% and 24% for 2012 and 2011 respectively. However, Fujian Haikui was entitled to a 50% reduction on the applicable tax rate under the Enterprise Income Tax Law of the People's Republic of China for the financial year ending 2011. This preferential tax treatment has ceased in 2011. From the financial year 2012 onwards, Fujian Haikui is subject to corporate income tax at the rate of 25%.

Income tax expenses also include deferred income tax gains of kEUR 28 and kEUR 13 for 2012 and 2011 respectively relating to future deductible differences that arose from Fujian Haikui's acquisition of a seafood business in December 2010.

3.1.11 Profit for the year and EBITDA

The consolidated profit for the year increased by approximately kEUR 5,459 or 20.4% from kEUR 26,725 in 2011 to kEUR 32,184 in 2012 and net profit margin decreased by approximately 1.1 percentage points from 17.6% in 2011 to 16.5% in 2012. The increase in net profit was due to an increase in sales of both frozen and canned products while achieving higher gross profit margins. Also, net profit was burdened by higher corporate taxes and an increase in administrative expenses as a listed entity. The slight decrease of the net profit margin was mainly due to the increase in income tax expenses as the preferential tax treatment for Fujian Haikui has ceased starting from 2012.

EBITDA increased by approximately kEUR 11,798 or 34.9% from kEUR 33,815 in 2011 to kEUR 45,613 in 2012 and EBITDA margin increased by approximately 1.2 percentage points from 22.2% in 2011 to 23.4% in 2012. The increase in EBITDA and EBITDA margins was due to increase in sales of both frozen and canned products while achieving higher gross profit margins.

3.1.12 Other comprehensive (expenses)/ income

Other comprehensive income consists of exchange difference on the translation of the subsidiaries' financial statement denominated in RMB and SGD into EUR. Due to the weakening of the RMB against the EUR of approximately 1.2% (Closing rate December 31, 2012: RMB/EUR 0.1198; Closing Rate December 31, 2011: RMB/EUR 0.1213), an amount of kEUR 2,231 reflecting exchange loss on the translation of the subsidiaries' financial statements has been recognized in the Group's Other Comprehensive Income for 2012.

3.1.13 Operating Segments Development

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

Frozen products

kEUR	2012	2011 "as if"	Change in %
Revenue	172,189	133,696	28.8
Gross profit	44,583	33,195	34.3
Gross margin %	25.9	24.8	1.1 pp

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 88.2% and 87.9% of 2012 and 2011 revenue respectively.

Revenue for frozen products increased by approximately kEUR 38,493 or 28.8% from kEUR 133,696 in 2011 to kEUR 172,189 in 2012. Measured in RMB, the functional currency of Haikui, revenue for frozen products grew by approximately 16.2%. The increase in revenue was mainly driven by higher sales of crab and fish products.

Gross margin for frozen products increased by approximately 1.1 percentage points from 24.8% in 2011 to 25.9% in 2012 was mainly due to higher sales of crab meat products which commanded higher gross margins.

Canned products

kEUR	2012	2011 "as if"	Change in %
Revenue	22,932	18,420	24.5
Gross profit	5,699	4,718	20.8
Gross margin %	24.9	25.6	-0.7 pp

Canned products are made mainly from fish and abalone. Sale of canned products continued to grow since its introduction in 2006. Canned products accounted for approximately 11.8% and 12.1% of 2012 and 2011 revenue respectively.

Revenue for canned products increased by approximately kEUR 4,512 or 24.5% from kEUR 18,420 in 2011 to kEUR 22,932 in 2012. Measured in RMB, the functional currency of Haikui, revenue for frozen products grew by approximately 12.4%. The increase in revenue was mainly driven by higher demand and the increase in selling price for our canned products.

Gross margin for canned products decreased by approximately 0.7 percentage points from 25.6% in 2011 to 24.9% in 2012 was mainly due to the increase in raw material prices exceeding the increase in selling prices.

3.1.14 Seasonality in business

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 during 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 year end festivities such as the Christmas, New Year and Chinese Lunar New Year.

3.2 Net assets and year end financial position

The following table shows the consolidated statement of financial position as at December 31, 2012 compared to the consolidated financial position as at December 31, 2011.

kEUR	Dec 31, 2012	Dec 31, 2011	Change in %
Non-current assets	17,209	18,003	-4.4
Current assets	138,387	105,363	31.3
Total assets	**155,596**	**123,366**	**26.1**
Non-current liabilities	2,036	2,283	-10.8
Current liabilities	6,891	6,419	7.4
Total liabilities	**8,927**	**8,702**	**2.6**
Total equity	146,669	114,664	27.9
Total liabilities and equity	**155,596**	**123,366**	**26.1**

The Group's total assets as of December 31, 2012 increased by approximately kEUR 32,230 or 26.1% from kEUR 123,366 as at December 31, 2011 to kEUR 155,596 as at December 31, 2012. The main drivers for this development are significant increases of inventories and cash and cash equivalents, which are generally consistent with Haikui's enlarged business operations. The increase has been primarily financed by cash flow generated from normal operations.

3.2.1 Non-current assets

Non-current assets amounted to kEUR 17,209 as at December 31, 2012 (December 31, 2011: kEUR 18,003) and consist of property, plant and equipment, land use rights, long term advances to suppliers, deferred tax assets and goodwill.

During the year, additions to property, plant and equipment amounted to kEUR 1,300. This was mainly due to investments that enhanced our processing capacities (output) of canned and frozen seafood by around 2,100 and 3,600 tonnes per year respectively. As a result, the aggregate annual processing capacity of the company – on an output basis – now amounts to approximately 34,200 tonnes compared to 28,543 tonnes as of December 31, 2011.

3.2.2 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 14,103 or 59.0% from kEUR 23,892 as at December 31, 2011 to kEUR 37,995 as at December 31, 2012 mainly due to the increase in raw material purchases after the fishing season and the increase of finished goods production to meet delivery in 2013.

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 90 days during the periods under review. Trade and other receivables decreased by approximately kEUR 6,395 or 12.8% from kEUR 49,941 as at December 31, 2011 to kEUR 43,546 as at December 31, 2012 mainly due to faster collection during the year end.

Other current assets comprise current prepayments, short term advances paid to suppliers and deposits. Other current assets increased by approximately kEUR 2,068 or 35.4% from kEUR 5,840 as at December 31, 2011 to kEUR 7,908 as at December 31, 2012. The increase was mainly due to additional advances made to suppliers under our framework supply agreements.

Cash and cash equivalents comprise cash on hand and cash deposited in banks. Cash and cash equivalents increased by approximately kEUR 23,248 or 90.5% from kEUR 25,690 as at December 31, 2011 to kEUR 48,938 as at December 31, 2012. A more detailed discussion on "Cash and cash equivalents" could be found in 3.2.6 "Cash flow" of this report.

3.2.3 Non-current liabilities

Non-current liabilities comprise of the borrowings received from the World Bank which are denominated in US-Dollar. The loans are administered by the local PRC government under the World Bank's programme to support aquaculture activities. For the financial year ending 2012, these borrowings bear floating interest rates ranging from 0.73% to 1.03% per annum (2011: 0.74% to 0.86%). The borrowings were granted on July 31, 1998 and are repayable in equal installments of approx. kUSD 305 p.a. over a remaining term of six years.

Full repayment is scheduled to be completed by July 31, 2018. These borrowings are secured by certain land use rights and leasehold buildings of the Group.

Non-current liabilities decreased by approximately kEUR 247 or 10.8% from kEUR 2,283 as at December 31, 2011 to kEUR 2,036 as at December 31, 2012 mainly due to principle repayments made during the financial year. The debt-to-equity ratio as of year-end 2012 is 1.6%.

3.2.4 Current liabilities

Income tax liabilities relate to provisions for income taxes for the financial year 2012. Income tax liabilities increased by approximately kEUR 2,424 or 160.7% from kEUR 1,508 as at December 31, 2011 to kEUR 3,932 as at December 31, 2012. This was mainly due to the higher corporate tax rates for the year 2012 as the preferential tax treatment ended in 2011.

As at December 31, 2012, financial liabilities comprise of the current portion of the borrowings received from the World Bank. Financial liabilities decreased by approximately kEUR 1,902 or 87.1% from kEUR 2,183 as at December 31, 2011 to kEUR 281 as at December 31, 2012 mainly due to the full repayment of loans granted by its directors (i.e. from Mr. Zhenkui CHEN and Mr. Zhenping HUANG) for working capital purposes, which amounted to kEUR 1,897 as at December 31, 2011. The loans from directors are denominated in RMB and are interest free.

Trade payables comprise mainly outstanding amounts due to suppliers of raw materials and outsourced products. As at December 31, 2012, the trade payables amounted to kEUR 1,133 (December 31, 2011: kEUR 1,535).

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, 2012, other current liabilities amounted to kEUR 1,545 (December 31, 2011: kEUR 1,193).

3.2.5 Equity

Total equity increased by approximately kEUR 32,005 or 27.9% from kEUR 114,664 as at December 31, 2011 to kEUR 146,669 as at December 31, 2012 and equity to total assets ratio increased from 92.9% as at December 31, 2011 to 94.3% as at December 31, 2012 mainly due to the capital increase from the IPO and increased retained earnings.

Currency translation reserve shown in equity amounted to kEUR 13,060 (December 31, 2011: kEUR 15,291) representing 8.9% (December 31, 2011: 13.3%) 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 1.2% (Closing rate December 31, 2012: RMB/EUR 0.1198; Closing Rate December 31, 2011: RMB/EUR 0.1213).

3.2.6 Cash flow

The table below shows the cash flows for the full year 2012 compared to the "as if" cash flows for the 12 months of 2011. As Haikui Seafood AG was formed on February 24, 2011 when the transfer of the entire shares in Haikui Seafood Pte. Ltd. into Haikui Seafood AG took legal effect, the "as if" cash flow statement for 2011 combines the Haikui Seafood Pte. Ltd. cash flows with the cash flows of Haikui Seafood AG for the period from its formation to December 31, 2011. See Note 3 of the notes to the financial statement for further explanation of the "as if" figures.

kEUR	2012	2011 "as if"	Change in %
Operating cash flows before working capital changes	45,545	32,585	39.8
Cash flows from operating activities	25,569	10,590	141.4
Cash outflows from investing activities	(1,138)	(1,274)	-10.7
Cash outflows from financing activities	(224)	(281)	-20.3
Net increase in cash and cash equivalents	**24,207**	**9,035**	**167.9**
Effects of currency translation	(959)	1,704	-156.3
Cash and cash equivalents at the beginning of the year	25,690	14,951	71.8
Cash and cash equivalents at the end of the year	**48,938**	**25,690**	**90.5**

Overall cash and cash equivalents increased by approximately kEUR 23,248 or 90.5% from kEUR 25,690 as at December 31, 2011 to kEUR 48,938 as at December 31, 2012. The increase was mainly due to cash flow generated from operations offset by investment activity associated with capacity expansion in line with Haikui's strategy and repayment of borrowings.

Operating cash flow increased by approximately kEUR 14,979 or 141.4% from kEUR 10,590 in 2011 to kEUR 25,569 in 2012 mainly due to profits generated during the financial period offset by cash flows required for working capital purposes as the revenue expands.

Cash outflow from investing activities decreased by approximately kEUR 136 or 10.7% from kEUR 1,274 in 2011 to kEUR 1,138 in 2012 mainly due to no long term advances made to suppliers under the framework supply agreements during 2012 offset by the capital expenditure to increase processing capacity during 2012.

Cash outflow from financing activities decreased by approximately kEUR 57 or 20.3% from kEUR 281 in 2011 to kEUR 224 in 2012 mainly due to the capital increase of approximately kEUR 2,760 raised from the IPO in May 2012 offset by the transaction cost incurred for the IPO and repayment of borrowings.

3.3 Summary on business development

The management is satisfied with the performance of 2012. For the financial year 2012, Haikui achieved financial results which are slightly above adjusted expectations. Revenue increased by approximately kEUR 43,005 or 28.3% from kEUR 152,116 in 2011 to kEUR 195,121 in 2012, exceeding its guidance of 25% growth in revenue communicated in the Q3 Interim Report. Measured in RMB, the functional currency of Haikui, revenue grew by approximately 15.8% year-on-year.

Profits from operations (EBIT) increased by approximately kEUR 11,618 or 35.9% from kEUR 32,364 in 2011 to kEUR 43,982 in 2012 and EBIT margin increased by approximately 1.2 percentage points from 21.3% in 2011 to 22.5% in 2012. The increase in EBIT and EBIT margin was mainly due to the increase in sales of both frozen and canned products while achieving higher gross margins.

The strong sales growth and the improved profit margins demonstrate the Group's ability to manage the supply and demand side business seasonality.

In addition, the Group has generated positive cash flow for the financial year 2012 and maintained a strong Statement of Financial Position as at December 31, 2012.

3.4 Results of operations, net assets and financial position of Haikui Seafood AG

The following discussion compares the development in the business year 2012 with the figures from the comparative period 2011.

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

3.4.1 Income statement

The following analysis relates mainly to 2012 figures:

kEUR	Jan 1, 2012 to Dec 31, 2012	Feb 24, 2011 to Dec 31, 2011	Change in %
Administrative expenses	(732)	(132)	454.6
Other operating expenses	(819)	(1,476)	-44.5
Profit from operations (EBIT)	**(1,551)**	**(1,608)**	**-3.5**
Finance expense, net	(0)	–	n.m
Profit before income tax/ profit for the year	**(1,551)**	**(1,608)**	**-3.5**

Administrative expenses comprise mainly professional fees and supervisory board fees. The increase in administrative expenses by approximately kEUR 600 or 454.6% from kEUR 132 in 2011 to kEUR 732 in 2012 was mainly due to higher cost of being a listed company.

Other operating expenses comprise mainly of expenses incurred during the IPO attempt which are not capitalized but expensed. The decrease in other operating expenses by approximately kEUR 657 or 44.5% was mainly due to the IPO attempt in 2011 and all professional fees relating to the IPO was fully expensed in the profit and loss.

3.4.2 Net assets

kEUR	Dec 31, 2012	Dec 31, 2011	Change in %
Investment in subsidiary	10,000	10,000	–
Cash and bank balances	77	103	-25.2
Total assets	**10,077**	**10,103**	**-0.3**
Other payables and accruals	322	58	455.2
Payables due to subsidiary	154	1,653	-90.7
Total current liabilities	**476**	**1,711**	**-72.2**
Total equity	9,601	8,392	14.4
Total liabilities and equity	**10,077**	**10,103**	**-0.3**

The statement of financial position of Haikui Seafood AG shows a net equity of kEUR 9,061 as at December 31, 2012.

The investment in subsidiary amounts to kEUR 10,000 (2011: kEUR 10,000) and refers to the investment in the holding company Haikui Seafood Pte. Ltd. (formerly known as China Haikui Pte. Ltd.).

Other payables and accruals comprised 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 annual general meeting regarding the financial year 2012. Other payables and accruals increased by approximately kEUR 264 or 455.2% from kEUR 58 in 2011 to kEUR 322 in 2012 mainly due to the accruals for cost relating to the annual general meeting.

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 decreased by approximately kEUR 1,499 or 72.2% from kEUR 1,653 in 2011 to kEUR 154 in 2012 mainly due to repayment made during 2012.

3.4.3 Financial position

The cash available as at December 31, 2012 amounts to kEUR 77. Movements in liquid funds can be analyzed as follows:

kEUR	Jan 1, 2012 to Dec 31, 2012	Feb 24, 2011 to Dec 31, 2011	Change %
Loss before tax	(1,551)	(1,608)	-3.5
Transaction costs	708	0	n.m.
Increase in other payables and accruals	264	58	355.2
Cash outflows/ from operating activities	**(579)**	**(1,550)**	**-62.6**
Inflow from issuance of new shares	2,760	–	n.m.
Outflow from transaction costs	(708)	–	n.m.
(Decrease)/ increase in payables due to subsidiary	(1,499)	1,653	n.m.
Cash flows from financing activities	**553**	**1,653**	**66.5**
(Decrease)/ increase in cash and cash equivalents	**(26)**	**103**	**n.m.**
Cash and cash equivalents at the beginning of the year	103	–	n.m
Cash and cash equivalents at the end of the year	**77**	**103**	**-25.2**

4. Other factors that impacted on results

4.1 Research and development

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

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

For the financial year 2012, Haikui has developed crab meat cakes and abalone sauce. The crab meat cakes were sold during the second half of 2012 while the abalone sauce is expected to be introduced to the market in 2013.

Haikui also does research on improving the cultivating techniques and procedures of aquaculture produce to assist our aquaculture farmers under the supply framework agreement in their farming techniques. Haikui 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.

4.2 Human resources

Haikui employed an average of 2,131 employees, including 668 permanent workers and 1,463 temporary contract workers for 2012 compared to an average of 2,194, including 605 permanent workers and 1,589 temporary contract workers for 2011. There are no employees for Haikui Seafood AG.

Number of employees	2012	2011 "as if"
Finance, accounting and administration	110	107
Sales and procurement	67	50
Research and development	17	11
Production and quality assurance	474	437
Total permanent employees	**668**	**605**
Temporary contract workers	1,463	1,589
Total employees and temporary contract workers	**2,131**	**2,194**

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

During 2012, Haikui has strengthened its sales and procurement team to meet and manage the increase in sales activities. Haikui has also strengthened its R&D team as it places greater emphasis on research and development to develop new products and further improve the quality of its products.

4.3 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, 2012, Haikui has entered into framework agreements for the supply of raw seafood for Haikui's products with 72 suppliers (2011: 61). 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 Environmental aspects

The PRC government has imposed a number of restrictions in certain months on certain methods of capture fishing in the waters surrounding the PRC to ensure sustainable aquatic resources. For example, from May 16, 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. There also can be no assurance that the PRC government will not impose more stringent fishing regulations, including but not limited to more frequent or longer periods of fishing restrictions, or to restrict the capture of certain species of raw seafood, which may be important for Haikui's products. Any increase in restrictions on capture fishing which restrict or limit the supply of raw seafood for Haikui's products might materially adversely affect Haikui's business, financial condition and results of operations.

5. Opportunities and risk report

5.1 Risk policy

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 started to establish 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.

5.2 Opportunity management

Haikui 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. Haikui 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 company operates. In decision-making, Haikui relies on an opportunity-oriented approach but does not neglect risks. Selected opportunity potentials for Haikui are discussed in the forecast report.

5.3 Risk Management System including Financial risk management objectives and policies

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.

Haikui strives to maximize 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. Until 2012, the Group did not have formal risk management policies and guidelines, however, the Management Board reviewed and agreed policies for managing each of these risks regularly. It is the Group's policy not to trade in derivative contracts.

The Group is in the midst of formalising and improving Group-wide policies, principles and guidelines for systematic and effective risk management. At the end of 2012, the Management Board had defined Group-wide principles and rules of behaviour 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.

5.4 Description of the key features of the internal control and risk management system with regard to the group accounting process (Section 315 Para. 2 No. 5 of the German Commercial Code – HGB)

Haikui 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 Haikui Seafood 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.

Internal audit is responsible for independently reviewing the functionality and effectiveness of the internal control systems in the Group and, to comply with this task, has comprehensive information, audit and access rights. In addition, the external auditors conduct a risk based audit to verify the effectiveness of those parts of the internal control systems that are relevant to financial reporting.

Finance department manages the process of Group 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.

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 related internal control systems.

5.5 Major risks and opportunities

5.5.1 Economic development in China and the Dongshan region

Haikui is optimistic about the future prospects of the Chinese seafood processing industry. The Management believes Haikui is in a favorable position to enjoy reasonable growth rates in the future. The growth of the middle class in rapidly urbanizing 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 will lead to changing consumer patterns, resulting in an increase in the demand for seafood, in particular processed seafood from producers with stringent quality management systems and high food safety standards such as Haikui.

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

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

5.5.2 Demand risks

Haikui's continuing growth and success depends in part on the popularity of Haikui's products. A failure of Haikui to adapt to market trends or changes in consumer preferences may quickly lead to Haikui losing 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 Haikui's product are being sold, all of which may affect discretionary consumer spending in these countries. If Haikui is unable to adapt its product portfolio to market demands, or if the demand decreases due to general economic conditions, Haikui's business, financial condition and results of operations may be materially adversely affected.

In addition, during the year under review, Haikui sold large quantities of its products to a limited number of major customers. The largest five customers of Haikui accounted for 35.5% of our revenue in 2012 and 59.9% in 2011.

As Haikui generally 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 Haikui 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, Haikui mainly distributes its products through buying agents which contact Haikui 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 Haikui delivers its products directly to these international seafood distributors, there is no established customer relationship between Haikui 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, Haikui's relationship with its direct customers 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 Haikui is unable to meet such requirements in the future, even for short periods of time, its customers and buying agents with which it cooperates may reduce their purchases from Haikui or cease to purchase from Haikui completely. If Haikui is unable to replace any or all of these sales, its business, financial condition and results of operations may be materially adversely affected.

5.5.3 Supply Risks

Haikui'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 will adversely affect its business, financial condition and results of operations.

Governmental regulations and policies restricting capture fishing may adversely affect Haikui'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 Haikui's customers could reduce Haikui's operating profit and in turn materially adversely affect its business, financial condition and results of operations.

5.5.4 Environmental Risks

The outbreak of disease or widespread contamination in any of Haikui'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 Haikui'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 Haikui's products will result in Haikui 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 Haikui's raw materials may lead to a loss in customer confidence and reduce the demand for Haikui's products.

5.5.5 Health and hygiene compliance risk

Haikui's ability to export products to certain markets is subject to Haikui's renewing and/or maintaining the necessary certifications, such as the 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 Haikui's qualifications.

In addition Haikui's products are also subject to regular quality inspections carried out by the Authority for Entry-Exit Inspection & Quarantine of the PRC ("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 Haikui 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 Haikui to sell products in certain jurisdictions and the decline in consumer confidence in its products, thereby causing a material adverse effect on Haikui's business, financial condition and results of operations.

5.5.6 Foreign Currency Risks

The consolidated financial statements of Haikui Seafood Group are prepared in Euro, while 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 PRC 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, 2012, approximately kEUR 161,948 (2011: kEUR 91,013) 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.

5.5.7 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 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.

5.5.8 Insufficient Financing Capabilities

The cash and cash equivalents as at December 31, 2012 may not be sufficient to finance Haikui'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 EU and possibly also in China, Haikui cannot be certain that suitable financing will be available on acceptable terms.

5.6 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 destabilization 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 IPO proceeds 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 the 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.

5.7 Assessment of overall risk situation

The main potential risks to the future development of Haikui are posed in particular by risks arising from the availability of raw materials and working capital. Taking into account all the circumstances of which Haikui 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 Haikui Group. Future opportunities have not been considered in assessing the overall risk. In terms of organization, all the conditions for being able to recognize possible opportunities and risks in good time have been fulfilled.

6. Remuneration report

6.1 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 2012.

kEUR		Fixed	Bonus	Defined contribution pension plans	Total
Zhenkui CHEN	2012	84	161	1	246
	2011	9	3	1	13
Zhenping HUANG	2012	50	68	1	119
	2011	7	2	1	10
Alan GEY	2012	107	113	8	228
	2011	89	36	9	134
Total	**2012**	**241**	**342**	**10**	**593**
	2011	105	41	11	157

6.2 Supervisory Board remuneration

Remuneration of the Supervisory Board is determined by the Shareholders' general meeting. 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 2012:

kEUR	2012	2011
Dr. Klaus VIETEN (Chairman of Supervisory Board)	57	18
Dr. Rainer SIMON (Deputy Chairman of Supervisory Board)	44	13
Hock Eng CHAN	34	4
Total	**135**	**35**

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

7.1 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.

7.2 Restrictions regarding voting rights and the right to transfer shares

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

7.3 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, 2012, the following shareholders held 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).

7.4 Shares with special rights

There are no shares with special control powers.

7.5 Voting rights of employees

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

7.6 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.

7.7 Authority of Management Board to issue shares

Pursuant to the Articles of Association dated May 10, 2012, 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, authorized 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 the exclusion of subscription rights based on other authorisations under 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 authorized, 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 authorized capital and the issuing of new shares.

7.8 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.

7.9 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.

8. 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 Board of Directors 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, 2012 (acts pursuant to Section 311 et seq. AktG were neither undertaken nor refrained from), in accordance with the conditions known to the Board of Directors 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.”

9. 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).

10. Report on events after the reporting date

There are no other significant events subsequent to December 31, 2012 to the date of this report.

11. Forecast report

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.

11.1 Future business environment

According the State of World Fisheries and Aquaculture 2012 published by the Food and Agriculture Organization of the United Nations, the 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.

Fish and fishery products are among the most traded food commodities worldwide, with trade volumes and values reaching new highs in 2011 and expected to carry on rising, with developing countries continuing to account for the bulk of world exports.

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.

11.2 Future development of Haikui

11.2.1 Business development strategy

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

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

Processing capacity

Haikui intends to increase its processing capacity through the construction of a new factory with advanced equipment and automation to better streamline certain processing steps.

Product portfolio offering

Haikui intends to continue developing new products to meet the increasing demand for seafood products.

Increase brand awareness and market share in China

Haikui intends to appoint regional 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. As of August 1, 2012, the Company has appointed exclusive regional distributors in two largest Chinese cities Beijing and Shanghai as well as in the Sichuan Province in the south-western Chinese inland, where the accessibility to seafood is low.

Notwithstanding the recent appointment of regional distributors in China, Haikui 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.

Overseas market

Even though Haikui may appear to have looked inwards into China by implementing strategies to penetrate the Chinese market, it does not however mean it will forsake its traditional core exports market. Haikui 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.

11.2.2 Outlook

Haikui's continued growth is driven by the pursuit of its growth strategy which comprise of geographical expansion and capacity expansion.

Haikui also aims to capture greater market share in China by appointing experienced regional distributors in China to distribute its Haikui branded 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 Haikui's efforts to penetrate the Chinese market may only be experienced in the medium to longer term.

Haikui's strategy places greater emphasis on capacity expansion. In 2012, Haikui enhanced its processing capacities (output) of canned and frozen seafood by around 2,100 and 3,600 tonnes per year respectively. As a result, the aggregate annual processing capacity – on an output basis – now amounts to approximately 34,200 tonnes compared to 28,543 tonnes as of December 31, 2011.

Haikui intends to construct a new production facility in Dongshan Island which will double its existing processing capacity within the next three years. Total investments over the next three years are expected to be in excess of RMB 500 million (approximately EUR 59.9 million). Based on management expectation, the construction is expected to be completed in the year 2015, therefore no contribution is expected from the planned investments in 2013 and 2014. However, this may be affected if delays and complications are encountered during the construction and financing process.

Despite weakening global economic outlook and potential production capacity constraints, management expects revenue to grow but at a slower pace compared to the growth experienced in 2012. Gross margin and EBIT margin may also come under slight pressure in 2013 due to higher raw material cost and higher administrative cost of being a listed entity.

The outlook of 2013 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.

11.2.3 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 Seafood AG 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 Seafood AG expects to incur losses, resulting mainly from administrative expenses incurred as a listed entity and expects cash flow to be financed by advances from its subsidiary or from future fund raising.

11.2.4 General statement on the future business development

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

With our sound financial position and commitment towards delivering safe and high quality products, we strongly believe that Haikui will be able to further strengthen its market position in the seafood industry and further increase sales and profit.

Signatures of the Management Board

Frankfurt, April 15, 2013

Zhenkui CHEN	Zhenping HUANG	Alan GEY

CONSOLIDATED FINANCIAL STATEMENT CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in kEUR	Note	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Revenue	4	**195,121**	**152,116**	**132,987**
Cost of sales		(144,839)	(114,203)	(99,547)
Gross profit		**50,282**	**37,913**	**33,440**
Other income	5	238	285	272
Distribution expenses		(1,669)	(1,596)	(1,439)
Administrative expenses		(4,186)	(2,714)	(2,197)
Other operating expenses	6	(683)	(1,524)	(1,518)
Profit from operations		**43,982**	**32,364**	**28,558**
Net finance expenses	7	(440)	(1,613)	(1,389)
Profit before income tax		**43,542**	**30,751**	**27,169**
Income tax	10	(11,358)	(4,026)	(3,570)
Profit for the year		**32,184**	**26,725**	**23,599**
Other comprehensive income / (expenses) of the year:				
Exchange differences on foreign currency translation	24	(2,231)	7,658	10,599
Total comprehensive income for the year		**29,953**	**34,383**	**34,198**
Profit for the year attributable to				
- owners of the parent		32,184	26,725	23,599
Total comprehensive income for the year attributable to				
- owners of the parent		29,953	34,383	34,198
Basic and diluted earnings per share (in Euro)	11	3.16	2.67	2.36

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in kEUR	Note	Dec 31, 2012	Dec 31, 2011
Assets			
Non-current assets			
Intangible assets	12	2,230	2,298
Property, plant and equipment	14	13,566	14,371
Other non-current assets	15	1,118	1,067
Deferred tax assets	10	295	267
Total non-current assets		**17,209**	**18,003**
Current assets			
Inventories	16	37,995	23,892
Trade and other receivables	17	43,546	49,941
Other current assets	18	7,908	5,840
Cash and cash equivalents	19	48,938	25,690
Total current assets		**138,387**	**105,363**
Total assets		**155,596**	**123,366**
Equity and liabilities			
Equity			
Share capital	20	10,276	10,000
Statutory reserves	21	5,830	5,830
Capital reserve	22	2,164	388
Other reserves	23	705	705
Currency translation reserve	24	13,060	15,291
Retained earnings		114,634	82,450
Total equity		**146,669**	**114,664**
Non-current liabilities			
Financial liabilities	25	2,036	2,283
Current liabilities			
Income tax liabilities		3,932	1,508
Financial liabilities	25	281	2,183
Trade payables		1,133	1,535
Other current liabilities	26	1,545	1,193
Total current liabilities		**6,891**	**6,419**
Total liabilities		**8,927**	**8,702**
Total equity and liabilities		**155,596**	**123,366**

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

STATEMENT OF CHANGES IN EQUITY

in kEUR	Share capital	Statutory reserves	Capital reserve	Other reserves	Currency translation reserve	Retained earnings	Total
	Attributable to equity holders of the Parent						
Balance as at Feb 24, 2011*	**10,000**	**5,830**	**388**	**705**	**4,692**	**58,851**	**80,466**
Total comprehensive income for the period	–	–	–	–	10,599	23,599	34,198
Balance at Dec 31, 2011 and 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 year	–	–	–	–	(2,231)	32,184	29,953
Balance at Dec 31, 2012	**10,276**	**5,830**	**2,164**	**705**	**13,060**	**114,634**	**146,669**

* adjusted according to IFRS 3.45 ff

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

STATEMENT OF CASH FLOW

in kEUR	Note	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Operating activities				
Profit before income tax		43,542	30,751	27,169
Adjustments for non-cash expenses / (income)				
Amortisation of intangible assets		41	38	31
Depreciation of property, plant and equipment		1,589	1,413	1,181
Interest expense		14	14	12
Asset write off		354	–	–
Interest income		(162)	(95)	(95)
Other non-cash expenses		167	464	570
Operating cash flow before working capital changes		**45,545**	**32,585**	**28,868**
Inventories		(14,795)	(7,021)	(6,764)
Trade and other receivables		5,938	(10,697)	(18,487)
Other current assets		(2,199)	(562)	1,596
Trade payables		(393)	(36)	116
Other current liabilities		354	86	511
Income taxes paid		(8,881)	(3,765)	(2,638)
Cash flows from operating activities		**25,569**	**10,590**	**3,202**
Investing activities				
Cash outflows for other non-current assets		–	(1,111)	(1,108)
Cash outflows for property, plant and equipment		(1,300)	(258)	(237)
Interest income received		162	95	95
Cash outflows from investing activities		**(1,138)**	**(1,274)**	**(1,250)**
Financing activities				
Cash outflows for bank loans and other borrowings		(290)	(267)	(267)
Cash outflows for repayment of directors' loans		(1,972)	–	–
Interest paid		(14)	(14)	(12)
Issuance of new shares		2,760	–	–
Transaction costs		(708)	–	–
Cash outflows from financing activities		**(224)**	**(281)**	**(279)**
Net increase in cash and cash equivalents		24,207	9,035	1,673
Effects on cash and cash equivalents from currency translation		(959)	1,704	2,287
Cash and cash equivalents at the beginning of the year		25,690	14,951	21,730
Cash and cash equivalents at the end of the year	19	**48,938**	**25,690**	**25,690**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Haikui Seafood AG (formerly known as China Haikui 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. (formerly known as China Haikui Pte. Ltd.) into the Company took legal effect (the "Group Reorganisation"). The operating business of the Company is carried out by Fujian Dongshan Haikui Aquatic Products Co. Ltd.

Haikui Seafood AG (formerly known as China Haikui 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 Ashurst LLP, OpernTurm, Bockenheimer Landstraße 2-4, 60306 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 an investment holding and Fujan Dongshan Haikui Aquatic Products Co. Ltd.'s principal activities are in the production and distribution of frozen and canned seafood products.

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 ("IFRS"). 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.

For improved presentation of the consolidated financial statements, titles of certain positions in the financial statements have been adapted compared to the prior year.

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 effective as of January 1, 2012:

- IAS 12 *Income Taxes (Amendment) – Deferred Taxes : Recovery of Underlying Assets* effective January 1, 2012
- IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendments) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters* effective July 1, 2011
- IFRS 7 *Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements (Amendment)* effective July 1, 2011

The adoption of the standards or interpretations is described below:

IAS 12 *Income Taxes — Recovery of Underlying Assets (Amendment)*

The amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis of the assets. This amendment did not have an impact on the Group's financial position, performance or its disclosures.

IFRS 1 — *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)*

When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. This amendment did not have an impact on the Group's financial position, performance or its disclosures.

IFRS 7 *Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements (Amendment)*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with their associated liabilities. In addition, the amendment requires disclosures about the entity´s continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, such involvement. The amendment did not have an impact on the Group's financial position, performance or its disclosures.

Standards issued but not yet effective

Standards 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.

IAS 1 *Financial Statement Presentation – Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards issued but not yet effective (cont'd)

IAS 19 *Employee Benefits (Amendment)*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group is currently assessing the full impact of the amendments, yet as the Group does not have any defined benefit plans, it is expected that the amendments do not have any material impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IAS 27 *Separate Financial Statements (as revised in 2011)*

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 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, 2014.

IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 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, 2014.

IAS 32 *Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after January 1, 2014.

IFRS 1 *Government Loans – Amendments to IFRS 1*

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after January 1, 2013. The amendment has no impact on the Group.

IFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after January 1, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards issued but not yet effective (cont'd)

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 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, 2014.

IFRS 11 *Joint Arrangements*

IFRS 11 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, 2014.

IFRS 12 *Disclosure of Interest in Other Entities*

IFRS 12 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 or performance. This standard becomes effective for annual periods beginning on or after January 1, 2014.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after January 1, 2013. The new interpretation will not have an impact on the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards issued but not yet effective (cont'd)

Annual Improvements 2009 - 2011
These improvements will 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.

These improvements are effective for annual periods beginning on or after 1 January 2013.

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the Statement of Financial Position 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business combinations and goodwill (cont'd)

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.

Foreign currency translation

Functional and presentation currency

The functional currencies of the Haikui Seafood Pte. Ltd. and Fujian Dongshan Haikui Aquatic Products Group Co. Ltd. are those of Singapore dollars ("SGD") and Chinese Renminbi Yuan ("RMB") respectively as the Singapore dollars and RMB reflect the economic substance of the underlying events and circumstances relevant to the Company and the subsidiary respectively.

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, 2012	0.1198	0.1231	0.6181	0.6226
Dec 31, 2011	0.1213	0.1108	0.5943	0.5704

Translation of the Company's and its Subsidiary's financial statements

For the purpose of presenting the consolidated financial statements of the Group, the results and financial position of the Company and its Subsidiary are translated into Euro, being the presentation currency of the consolidated financial statements, using the following procedures:

- Assets and liabilities of the Company and its Subsidiary are translated at the closing rate at Statement of Financial Position date;
- Income and expenses items of the Company and its Subsidiary 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 of the Company and its Subsidiary 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation (cont'd)

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 Statement of Financial Position 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.

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. For the period presented, the Company does not hold any intangible assets with an indefinite useful life.

Consideration paid for land use rights are recorded as land use rights, under which the lessor has not transferred all the risks and benefits of ownership to the lessee. Land use rights are stated at cost less accumulated amortisation. Amortisation is charged to the statement of profit and loss on a straight-line basis over the terms of the respective leases.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Research and development costs (cont'd)

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, 2012.

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.

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)
Leasehold buildings	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 Statement of Financial Position 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

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, 2012 and December 31, 2011, 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 Statement of Financial Position 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 Statement of Financial Position 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.

Financial assets carried at amortised cost

An impairment loss 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.

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 cash flow statement, cash and cash equivalent comprises cash on hand and in banks, excluding cash deposits pledged for 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, 2012 and December 31, 2011, 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 Statement of Financial Position 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 Statement of Financial Position date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the Statement of Financial Position date are included in non-current liabilities in the Statement of Financial Position.

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. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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 Statement of Financial Position 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.

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

In accordance with the transitional provisions of IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, for which the commencement date for capitalisation is on or after January 1, 2009, are capitalized. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings. No borrowing costs have been capitalized in 2012.

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 Company 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.

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 Statement of Financial Position 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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Current and deferred Income tax (cont'd)

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

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position 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 Statement of Financial Position 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant accounting estimates and judgements

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.

(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, 2012 and December 31, 2011 no valuation allowances were recorded.

(iii) Depreciation of plant and machinery

The cost of plant and machinery used for the purpose of seafood processing is depreciated on a straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives of the production lines to be 10 years. The carrying amount of the Group's plant and machinery at December 31, 2012 was kEUR 3,609 (2011: kEUR 3,938) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these plant and machinery. Therefore, future depreciation charges could be revised.

(iv) Depreciation of leasehold buildings

The cost of construction of buildings is depreciated on a straight-line basis over the estimated useful life of 20 years. The carrying amount of the Group's leasehold buildings at December 31, 2012 was kEUR 9,275 (2011: kEUR 9,982). Changes in the physical condition of the buildings could impact the economic useful life and residual value of the asset. As at December 31, 2012, there are no indications that the remaining economic useful life of the buildings is significantly lower than the remaining useful life.

(v) 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. The carrying amount of inventories as at December 31, 2012 was kEUR 37,995 (2011: kEUR 23,892).

3. "As if" financial information for the preceding period

Haikui Seafood AG (formerly known as China Haikui AG) was founded by means of a notarial deed of formation dated October 12, 2010 against contributions of their respective shareholdings in Haikui Seafood Pte. Ltd. (formerly known as China Haikui Pte. Ltd.), Singapore, under a share contribution agreement, the existing shareholders of Haikui Seafood Pte. Ltd. subscribed for their shareholdings in Haikui Seafood AG (formerly known as China Haikui AG). After the share transfer was effected February 24, 2011 the completion of the formation became legally effective by registration in the commercial register of the local court of Hamburg on February 24, 2011. Consequentially, the Group came into existence on this date.

The Group Reorganisation was a transaction that does not represent a business combination as defined by IFRS 3 Business Combinations. In the absence of an IFRS that specifically applies to a transaction, other event or condition, IAS 8.10 to 12 set out, that management shall use its judgement in developing and applying an appropriate accounting policy that is reliable and relevant for the users. Under these circumstances, the predecessor accounting method has been applied for the accounting of the Group Reorganisation as described above. Accordingly, the consolidated financial statements of Haikui Seafood AG (formerly known as China Haikui AG) have been presented as a continuation of the then existing Group, beginning at the date the newly formed corporation became legally existent.

Pursuant to this:

- No Goodwill has been recognised in the transaction
- Assets and liabilities were combined at their existing carrying amounts as of February 24, 2011;
- The difference between the net book value of the parent company's investment in Haikui Seafood Pte. Ltd. and its subsidiary's share capital are reflected in the "Other reserves".

The Company incorporated the acquired sub-groups' results with effect from the date on which the business combination occurred between the entitles under common control occurred. Consequently, the comparative financial information for the preceding period 2011 included in the consolidated financial statements does not reflect the results of the acquired sub-group for the period before the transaction occurred.

For better understanding of the Group's development, the Company has prepared an "as if" consolidated statement of comprehensive income and "as if" statement of cash flows. This should help to raise transparency of business development and should help the user of the financial statements understand the developments in the financial year 2012 especially in respect to the net assets, financial and earning position. Additionally the management uses the above mentioned "as if" statements for the purposes of deviation analysis.

The "as if" financial information combines the 2011 profit and loss accounts of Haikui Seafood AG (formerly known as China Haikui AG) and Haikui Seafood Pte. Ltd. Group as though the acquisition date for the business combination had been the beginning of 2011 (January 1, 2011).

3. “As if” financial information for the preceding period (cont’d)

The “as if” financial information for the consolidated statement of comprehensive income and the statement of cash flows for the period from January 1, 2011 to December 31, 2011 has been calculated as follows:

“As if” consolidated Statements of Comprehensive Income

in kEUR	Statement of comprehensive income Haikui Seafood Pte. Ltd. – Group 2011	Statement of comprehensive income Haikui Seafood AG (formerly known as China Haikui AG) 2011	“As if” statement of comprehensive income 2011
	1	2	3 (1+2)
Revenue	**152,116**	**–**	**152,116**
Cost of sales	(114,203)	–	(114,203)
Gross profit	**37,913**	**–**	**37,913**
Other income	285	–	285
Distribution expenses	(1,596)	–	(1,596)
Administrative expenses	(2,582)	(132)	(2,714)
Other operating expenses	(48)	(1,476)	(1,524)
Profit from operations	**33,972**	**(1,608)**	**32,364**
Net finance expenses	(1,613)	–	(1,613)
Profit before income tax	**32,359**	**(1,608)**	**30,751**
Income tax	(4,026)	–	(4,026)
Profit for the year	**28,333**	**(1,608)**	**26,725**
Other comprehensive income of the year:			
Exchange differences on foreign currency translation	7,658	–	7,658
Total comprehensive income for the year	**35,991**	**(1,608)**	**34,383**
Profit for the year attributable to			
- owners of the parent	28,333	(1,608)	26,725
Total comprehensive income for the year attributable to			
- owners of the parent	35,991	(1,608)	34,383

3. "As if" financial information for the preceding period (cont'd)

"As if" Statements of Cash Flows

in kEUR	Note	Cash flow statement Haikui Seafood Pte. Ltd. – Group 2011	Cash flow statement Haikui Seafood AG (formerly known as China Haikui AG) 2011	"As if" cash flow statement 2011
		1	2	3 (1+2)
Operating activities				
Profit before income tax		32,359	(1,608)	30,751
Adjustments for non-cash expenses / (income)				
Amortisation of intangible assets		38	–	38
Depreciation of property, plant and equipment		1,413	–	1,413
Interest expense		14	–	14
Interest income		(95)	–	(95)
Other non-cash expenses		464	–	464
Operating cash flow before working capital changes		**34,193**	**(1,608)**	**32,585**
Inventories		(7,021)	–	(7,021)
Trade and other receivables		(10,697)	–	(10,697)
Other current assets		(2,215)	1,653	(562)
Trade payables		(36)	–	(36)
Other current liabilities		28	58	86
Income taxes paid		(3,765)	–	(3,765)
Cash flows from operating activities		**10,487**	**103**	**10,590**
Investing activities				
Cash outflows for other non-current assets		(1,111)	–	(1,111)
Cash outflows for property, plant and equipment		(258)	–	(258)
Interest income received		95	–	95
Cash outflows from investing activities		**(1,274)**	**–**	**(1,274)**
Financing activities				
Cash outflows for bank loans and other borrowings		(267)	–	(267)
Interest paid		(14)	–	(14)
Cash outflows from financing activities		**(281)**	**–**	**(281)**
Net increase in cash and cash equivalents		**8,932**	**103**	**9,035**
Effects on cash and cash equivalents from currency translation		1,704	–	1,704
Cash and cash equivalents at the beginning of the year		14,951	–	14,951
Cash and cash equivalents at the end of the year	**19**	**25,587**	**103**	**25,690**

4. REVENUE

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Frozen products	172,189	133,696	117,229
Canned products	22,932	18,420	15,758
	195,121	152,116	132,987

5. OTHER INCOME

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Government grant	105	172	161
Sale of scrap	132	113	111
Other income	1	–	–
	238	285	272

Government grants received in 2012 were mainly incentives for improvement in production technology and outstanding performance of the subsidiary. There are no unfulfilled conditions or contingencies attached to these grants.

6. OTHER OPERATING EXPENSES

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Initial public offering expenses	111	1,476	1,476
Donations	217	39	34
Property, plant and equipment written off	354	–	–
Others	1	9	8
	683	1,524	1,518

7. NET FINANCE EXPENSES

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Finance income			
Bank interest income	162	95	95
Amortisation of unearned interest	66	–	–
Finance expenses			
Interest expenses – other borrowings	(14)	(14)	(12)
Foreign exchange losses	(610)	(1,358)	(1,144)
Amortisation of unearned interest	–	(36)	(299)
Bank charges	(44)	(300)	(29)
	(440)	(1,613)	(1,389)

8. ADDITIONAL DISCLOSURES ON THE NATURE OF EXPENSES

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Depreciation of property, plant and equipment	1,589	1,413	1,181
Amortisation of intangible assets	41	38	31
Operating lease expenses	18	17	15
Personnel expenses (see note 9)	6,518	4,707	4,096
Research and development expenses	8	52	73

9. PERSONNEL EXPENSES

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Wages, salaries and bonuses*	5,851	4,352	3,826
Pension expenses	241	170	144
Other personnel expenses	426	185	126
	6,518	4,707	4,096

* This includes the amount shown as directors' remuneration (see Note 34)

10. INCOME TAX

Major components of income tax expenses for the year were:

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Current income tax			
Current income tax charge	11,386	4,039	3,581
Deferred tax			
Relating to origination and reversal of temporary differences	(28)	(13)	(11)
	11,358	4,026	3,570

Deferred tax relates to the following:

	Consolidated statement of financial position	
in kEUR	Dec 31, 2012	Dec 31, 2011
Deferred tax receivables:		
Land use rights	66	68
Property plant and equipment	229	199
Deferred tax asset	295	267

	Consolidated statement of comprehensive income		
in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Income tax expenses/(income)			
Land use rights	2	2	1
Property plant and equipment	(30)	(15)	(12)
Income tax income	(28)	(13)	(11)

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

10. INCOME TAX (cont'd)

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

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Profit before income tax	**43,542**	**30,751**	**27,169**
Tax expenses based on weighted average tax rate of 25% (2011: 23,8%)	10.886	7,319	6,466
Effect of tax losses not carried forward	334	629	564
Differences in the tax rates to Singapore	26	59	52
Differences in the tax rates to Germany	(42)	(96)	(96)
Tax effect of expenses not deductible	154	72	72
Others	–	82	93
Tax concession of 50% reduction in tax rate in People's Republic of China (PRC)	–	(4,039)	(3,581)
Actual tax expenses as presented in the consolidated statement of comprehensive income	**11,358**	**4,026**	**3,570**

The effective tax rate amounts to 26.1% in 2012 and 13.1% in 2011.

At December 31, 2012 and December 31, 2011, 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 2,212 (2011: kEUR 1,711).

No dividend has been declared for 2012.

Haikui Seafood AG (formerly known as China Haikui 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, 2012, 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, 2012, no German corporate income taxes have been provided for.

As of December 31, 2012, the Group has tax losses at the amount of approx. kEUR 2,427 (2011: kEUR 1,587), which arose in Germany.

10. INCOME TAX (cont'd)

Although the management assumes that the Company will generate future taxable profits through dividend and interest income in order to be able to fully utilize these tax losses, no deferred tax assets has been provided for the tax losses carried forward as the timing of the utilization 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 recognized 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 provided for the income tax related to the transaction costs as the timing of the utilization of this tax asset is uncertain and the taxable profits through dividends are limited to 5% of the tax exempt dividend income.

Haikui Seafood Pte. Ltd.

Haikui Seafood Pte. Ltd. has no taxable income for the financial period ended December 31, 2012. The statutory income tax rate applicable to the Company was 17% for the period ended December 31, 2012.

The Group has tax losses of kEUR 35 as of December 31, 2012 (2011: kEUR 33) which arose in Singapore. Due to the change in the Company's shareholdings in 2011, tax losses up to December 31, 2010 completely forfeited. Due to the Company's history of tax losses, no deferred tax assets have been recognized for the accumulated tax losses subsequent to the change in shareholdings as of December 31, 2012. Pursuant to Singapore tax laws, these 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 Ltd.

On March 12, 2007, the subsidiary, Fujian Haikui was converted into a foreign investment enterprise ("FIE"). From this date, in accordance with the "Income Tax Law of the PRC applicable to Enterprises with Foreign Investment and Foreign Enterprises", the income tax on FIE engaged in production established in special economic zones shall be levied at the reduced rate of 15% as compared to the statutory tax rate for PRC companies of 33%.

Fujian Haikui was entitled to an exemption from Enterprise Income Tax ("EIT") for the first two profitable years of operation and thereafter a 50% reduction in EIT rate for the following three financial years (the "Tax Holidays").

The first profitable year of the Fujian Haikui is the financial period ended December 31, 2007. Accordingly, there was no tax payable for the financial year/period ended December 31, 2008 and 2007.

On March 16, 2007, the National People's Congress of the PRC promulgated the "Enterprise Income Tax Law of the PRC" ("EIT Law") which has come into effect since January 1, 2008. The abovementioned "Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises" has been abolished by the newly promulgated EIT Law. According to the transitional measures regulated by the EIT Law, Fujian Haikui is subject to a progressive tax rate of 18%, 20%, 22% and 24% for periods 2008, 2009, 2010 and 2011 respectively.

However, under the EIT Law, Fujian Haikui enjoyed a total tax exemption for 2007 and 2008 and a 50% reduction in the new applicable tax rate under the EIT Law for the years 2009 to 2011. 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.

in kEUR	Jan 31, 2012 to Dec 31, 2012	Jan 31, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
Profit for the financial year attributable to equity holder of the parent	32,184	26,725	23,599
Weighted average number of issued and outstanding no par shares (in thousands)	10,173	10,000	10,000
Basic and diluted earnings per share (in Euros)	**3.16**	**2.67**	**2.36**

12. INTANGIBLE ASSETS

in kEUR	Land use rights	Goodwill	Total
Cost			
As at February 24, 2011	1,733	687	2,420
Translation differences	174	68	242
As at December 31, 2011 and January 1, 2012	1,907	755	2,662
Translation differences	(24)	(9)	(33)
As at December 31, 2012	1,883	746	2,629
Amortisation and impairment			
As at February 24, 2011	298	–	298
Amortisation for the year	31	–	31
Translation differences	35	–	35
As at December 31, 2011 and January 1, 2012	364	–	364
Amortisation for the year	41	–	41
Translation differences	(6)	–	(6)
As at December 31, 2012	399	–	399
Net carrying value			
As at February 24, 2011	1,435	687	2,122
As at December 31, 2011	1,543	755	2,298
As at December 31, 2012	1,484	746	2,230

As at December 31, 2012, certain land use rights with a net carrying value of approximately kEUR 404 (December 31, 2011: kEUR 433) have been pledged as security for the Group's other borrowings as disclosed in Note 25.

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".

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, 2012 were assessed for impairment as of year end.

in kEUR	Goodwill EUR’000	Basis on which recoverable values are determined	Terminal growth rate (%)	Pre-tax discount rate (%)
December 31, 2012	746	Value in use	3%	13.8%
December 31, 2011	755	Value in use	3%	12.9%

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.

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.

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, 2012 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. PROPERTY, PLANT AND EQUIPMENT

in kEUR	Leasehold buildings	Plant and machinery	Office equipment	Motor vehicles	Furniture and fittings	Total
Cost						
As at February 24, 2011	10,689	5,532	107	466	61	16,855
Additions	18	125	50	42	2	237
Translation differences	1,057	559	15	49	6	1,686
As at December 31, 2011 and January 1, 2012	11,764	6,216	172	557	69	18,778
Additions	–	895	11	394	–	1,300
Write offs	–	(618)	–	(15)	–	(633)
Translation differences	(146)	(85)	(2)	(17)	–	(250)
As at December 31, 2012	**11,618**	**6,408**	**181**	**919**	**69**	**19,195**
Accumulated depreciation						
As at February 24, 2011	1,176	1,456	41	122	36	2,831
Depreciation charge	448	618	20	85	10	1,181
Translation differences	158	204	7	21	5	395
As at December 31, 2011 and January 1, 2012	1,782	2,278	68	228	51	4,407
Depreciation charge	598	829	31	120	11	1,589
Disposals	–	(265)	–	(14)	–	(279)
Translation differences	(37)	(43)	(2)	(6)	–	(88)
As at December 31, 2012	**2,343**	**2,799**	**97**	**328**	**62**	**5,629**
Net carrying value						
As at February, 2011	9,513	4,076	66	344	25	14,024
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

All property, plant and equipment held by the Group are located in the PRC. As at December 31, 2012, certain leasehold buildings with a net carrying value of approximately kEUR 284 (December 31, 2011: kEUR 345) has been pledged as security for the Group's other borrowings (Note 25).

15. OTHER NON-CURRENT ASSETS

Other non-current assets as of December 31, 2012 at the amount of kEUR 1,118 (December 31, 2011: kEUR 1,067) reflect long term advances paid to suppliers.

16. INVENTORIES

in kEUR	Dec 31, 2012	Dec 31, 2011
Seafood supplies	7,506	3,020
Processed seafood	30,322	20,679
Packaging materials and other consumables	167	193
	37,995	23,892

The cost of inventories recognised as expense and included in “cost of sales” amounted to kEUR 135,740 (2011: kEUR 93,809).

17. TRADE AND OTHER RECEIVABLES

in kEUR	Dec 31, 2012	Dec 31, 2011
Trade receivables	34,310	47,572
Value-added tax receivables	9,236	2,369
	43,546	49,941

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

18. OTHER CURRENT ASSETS

in kEUR	Dec 31, 2012	Dec 31, 2011
Prepayments and deposits	920	981
Other receivables	6,988	4,859
	7,908	5,840

19. CASH AND CASH EQUIVALENTS

As at December 31, 2012 and December 31, 2011, the Group had cash and bank balances denominated in Chinese Renminbi (“RMB”) amounting to kRMB 351,436 (kEUR 42,103) and kRMB 202,294 (kEUR 24,539) 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.

20. 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 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.

Authorized Capital

Pursuant to the Articles of Association dated May 10, 2012, 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, authorized 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 1,027,600. 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 authorized, 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 authorized capital and the issuing of new shares.

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

21. STATUTORY 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 (formerly known as China Haikui AG) amounts to EUR Nil as at December 31, 2012 and December 31, 2011.

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 statutory reserve of Fujian Haikui amounts to kEUR 5,830 as at December 31, 2012.

22. CAPITAL RESERVE

The capital reserve developed as follows:

in kEUR	Jan 1, 2012 to Dec 31, 2012	Feb 24, 2011 to Dec 31, 2011
At the beginning of the year	388	388
Premium from issuance of new shares	2,484	–
Transaction costs	(708)	–
	2,164	388

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.

23. 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.

24. 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.

in kEUR	Jan 1, 2012 to Dec 31, 2012	Feb 24, 2011 to Dec 31, 2011
At the beginning of the year	15,291	4,692
Net currency translation difference for the year recognised in other comprehensive income	(2,231)	10,599
At the end of the year	13,060	15,291

The net currency translation differences recognised in other comprehensive income in 2012 had an income tax effect of nil.

25. FINANCIAL LIABILITIES

The financial liabilities comprise the following:

in kEUR	Dec 31, 2012	Dec 31, 2011
Financial liabilities (non-current)		
Other borrowings	2,036	2,283
	2,036	2,283
Financial liabilities (current)		
Other borrowings	281	286
Loans from directors	–	1,897
	281	2,183

Other borrowings comprise the following:

in kEUR	Dec 31, 2012	Dec 31, 2011
Current		
Unsecured	–	1,897
Secured	281	286
	281	2,183
Non-current		
Secured	2,036	2,283
	2,036	2,283
Total	**2,317**	**4,466**

25. FINANCIAL LIABILITIES (cont'd)

Other borrowings

As at December 31, 2012, other borrowings bear floating interest rates ranging from 0.73% to 1.03% (December 31, 2011: 0.74% to 0.86%) 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.

These borrowings are secured by certain land use rights and leasehold buildings of the Group as disclosed in Note 12 and Note 14 respectively.

26. OTHER CURRENT LIABILITIES

in kEUR	Dec 31, 2012	Dec 31, 2011
Employee related accrual	714	713
Accruals	258	157
Other payables	286	257
Payables due to directors (non-trade)	213	17
Payables due to related party (non-trade)	74	49
	1,545	1,193

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

27. INVESTMENT IN SUBSIDIARIES

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

			Effective equity interest held as at	
Name of companies	Principal activities	Country of incorporation	Dec 31, 2012 %	Dec 31, 2011 %
Held by the Company:				
Haikui Seafood Pte. Ltd. (formerly known as China Haikui 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

28. COMMITMENTS

a) Non-cancellable operating lease commitments

As at Statement of Financial Position 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 Statement of Financial Position date but not recognised as liabilities are as follows:

in kEUR	Dec 31, 2012	Dec 31, 2011
Future minimum lease payments		
- not later than 1 year	23	15

(b) Capital and other financial commitments

in kEUR	Dec 31, 2012	Dec 31, 2011
Contracted and not provided for in the financial statements		
- capital expenditure	981	940
- donation commitment	2,264	–

The PRC subsidiary has committed to donate RMB 1.1 million per annum (approximately kEUR 120 per annum) from 2012 for a period of 20 years, to a charitable organization in the PRC.

29. RELATED PARTY INFORMATION

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

		% of equity interest	
Name	Country of incorporation	Dec 31, 2012	Dec 31, 2011
Haikui Seafood AG (formerly known as China Haikui AG)	Germany	N/A	N/A
Haikui Seafood Pte. Ltd.	Singapore	100	100
Fujian Dongshan Haikui Aquatic Products Group Co., Ltd.	China	100	100

The ultimate parent

Haida Holdings Pte. Ltd. Is the ultimate parent located in Singapore and owns 50.18% (2011: 56.57%) of the ordinary shares in the Company.

Entity with significant influence over the Group

As at December 31, 2012 Mega Bond International Limited owns 34.11% of the ordinary shares in the Company (2011: 35.42%).

29. RELATED PARTY INFORMATION (cont'd)

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:

in kEUR	Dec 31, 2012	Dec 31, 2011
Purchase of Services		
Related parties (non-trade)	79	–
Other current assets		
Prepayment to related parties (non-trade)	12	–
Financial Liabilities		
Loans from directors	–	1,897
Other current liabilities		
Payables due to directors (non-trade)	214	17
Payables due to other related parties (non-trade)	74	49

The balances due 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 2012.

in kEUR	Jan 1, 2012 to Dec 31, 2012	Feb 24, 2011 to Dec 31, 2011
Compensation of key management personnel (inclusive of the Supervisory Board)		
Salaries and bonuses	722	176
Defined contribution pension scheme	30	10
	752	186
Comprise amounts paid to:		
- Directors and Management of the Company	727	165
- Other key management personnel	25	21
	752	186

30. 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.

Since the 2nd quarter of 2011, in identifying the operating segments, the Chief Executive Officer generally follows the Group's product categories

- Frozen products
- Canned products

This change in the internal reporting structure from geographical regions to product categories is a direct effect of the strategic acquisition carried out in December 2010 (see Note 3).

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 2012, there were no inter-segment transfers.

in kEUR	Frozen products	Canned products	Total
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**
Finance expense, net			(440)
Profit before income tax			**43,542**
Amortisation and depreciation	1,438	192	1,630

30. SEGMENT INFORMATION (cont'd)

in kEUR	Frozen products	Canned products	Total
Financial period ended December 31, 2011 "as if"			
Revenues from external customers	133,696	18,420	152,116
Gross profit	33,195	4,718	37,913
Other income			285
Distribution expenses			(1,596)
Administrative expense			(2,714)
Other operating expense			(1,524)
Profit from operations			**32,364**
Finance expense, net			(1,613)
Profit before income tax			**30,751**
Amortisation and depreciation	1,275	176	1,451
Financial period ended December 31, 2011			
Revenues from external customers	117,229	15,758	132,987
Gross profit	29,354	4,086	33,440
Other income			272
Distribution expenses			(1,439)
Administrative expense			(2,197)
Other operating expense			(1,518)
Profit from operations			**28,558**
Finance expense, net			(1,389)
Profit before income tax			**27,169**
Amortisation and depreciation	1,068	144	1,212

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

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
People's Republic of China ("PRC")	33,173	48,585	41,973
Taiwan	41,657	24,472	21,257
Hong Kong	23,450	20,076	17,734
Rest of Asia	59,703	10,765	10,477
Germany	171	–	–
Rest of Europe	19,815	12,615	10,574
United States of America	10,744	30,903	27,075
Others	6,408	4,700	3,897
	195,121	152,116	132,987

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

30. SEGMENT INFORMATION (cont'd)

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

in kEUR	Jan 1, 2012 to Dec 31, 2012	Jan 1, 2011 to Dec 31, 2011 "as if"	Feb 24, 2011 to Dec 31, 2011
People's Republic of China ("PRC")	7,903	12,560	10,872
Taiwan	10,048	5,624	4,997
Hong Kong	6,819	4,964	4,420
Rest of Asia	15,821	2,820	2,734
Germany	41	–	–
Rest of Europe	4,873	3,205	2,725
United States of America	3,289	7,589	6,744
Others	1,488	1,151	948
	50,282	37,913	33,440
Other income	238	285	272
Distribution expenses	(1,669)	(1,596)	(1,439)
Administrative expense	(4,186)	(2,714)	(2,197)
Other operating expense	(683)	(1,524)	(1,518)
Profit from operations	43,982	32,364	28,558
Finance expense, net	(440)	(1,613)	(1,389)
Profit before income tax	**43,542**	**30,751**	**27,169**

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 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".

In 2011, 3 external customers attributed more than 10% to our total revenues as follows:

in kEUR	% of total revenues	Frozen products	Canned products	Total
Customer 1	18.3	22,788	5,056	27,844
Customer 2	13.2	20,007	72	20,079
Customer 3	11.7	17,746	–	17,746

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

31. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

The following table sets out the financial instruments as at the Statement of Financial Position date:

in kEUR	Dec 31, 2012	Dec 31, 2011
Financial assets		
Loans and receivables (including cash and cash equivalents balances)	91,355	79,187
Financial liabilities		
Liabilities excluding income tax liabilities (measured at amortised costs)	4,810	7,193

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. Until 2012, the Group did not have formal risk management policies and guidelines. However, the Management Board reviewed and informally defined policies for managing each of these risks regularly.

Since 2012, the Group is in the midst of formalising and improving Group-wide policies, principles and guidelines for systematic and effective risk management. At the end of 2012, the Management Board had 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, 2012, approximately kEUR 161,948 (2011: kEUR 91,013) 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 balance sheets can be affected by movements in the USD exchange rates.

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:

31. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

in kEUR	United States Dollar	Chinese Renminbi	Euros	Singapore Dollar	Total
December 31, 2012					
Financial assets					
Other non-current assets	–	1,118	–	–	1,118
Trade receivables	28,422	5,889	–	–	34,311
Other current assets	–	6,988	–	–	6,988
Cash and cash equivalents	6,660	42,103	77	98	48,938
	35,082	56,098	77	98	91,355
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	54,067	(60)	(227)	86,545
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	–	(54,067)	60	227	(53,780)
Net foreign currency exposure	32,765	–	–	–	32,765

31. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

in kEUR	United States Dollar	Chinese Renminbi	Euros	Singapore Dollar	Total
December 31, 2011					
Financial assets					
Other non-current assets	–	1,067	–	–	1,067
Trade receivables	27,314	20,258	–	–	47,572
Other current assets	–	4,858	–	–	4,858
Cash and cash equivalents	998	24,538	103	51	25,690
	28,312	50,721	103	51	79,187
Financial liabilities					
Trade payables	–	(1,535)	–	–	(1,535)
Other payables and accruals	–	(853)	(41)	(233)	(1,127)
Other borrowings	(2,568)	–	–	–	(2,568)
Due to related parties (non-trade)	–	(49)	–	–	(49)
Due to directors (non-trade)	–	–	(17)	–	(17)
Loans from directors/shareholders	–	(1,897)	–	–	(1,897)
	(2,568)	(4,334)	(58)	(233)	(7,193)
Net financial assets/ (liabilities)	25,744	46,387	45	(182)	71,994
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	–	(46,387)	(45)	182	(46,250)
Net foreign currency exposure	25,744	–	–	–	25,744

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.

in kEUR	Profit for the year 2012	Profit for the period 2011
USD/RMB		
- strengthened 10%	3,276	2,574
- weakened 10%	(3,276)	(2,574)

in kEUR	Equity 2012	Equity 2011
USD/RMB		
- strengthened 10%	3,276	2,574
- weakened 10%	(3,276)	(2,574)

The group's exposure to foreign-currency changes other than the USD to RMB is deemed to be not material.

31. 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, 2012 and December 31, 2011 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:

in kEUR	As at Dec 31, 2012	As at Dec 31, 2011
Within one year		
Floating rate:		
Other borrowings	281	286
Within 2 to 5 years		
Floating rate:		
Other borrowings	1,124	1,144
More than 5 years		
Floating rate:		
Other borrowings	912	1,139

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 Statement of Financial Position 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, 2012 would (decrease) / increase by approximately kEUR (23) / +18 (2011: kEUR (26) / +26). The Group's equity as of December 31, 2012 would (decrease) / increase by approximately kEUR (23) / +18 (2011: kEUR (26) / +26), accordingly. This is mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

31. 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 15 debtors (2011: 13 debtors) that individually represented 0.1% to 62.4% (2011: 0.1% to 21.5%) 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 90 days (2011: 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:

in kEUR	Dec 31, 2012	Dec 31, 2011
Not past due and not impaired (Note 17)	34,310	47,572

The Group has not experienced any default in payment from its receivables for the financial year ended December 31, 2012.

31. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(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.

	On demand or within 1 year			Within 2 to 5 year			After 5 year			Total		
in kEUR	Interest	Repayment	Total	Interest	Repayment	Total	Interest	Repayment	Total	Interest	Repayment	Total
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
December 31, 2011												
Trade payables	–	1,535	1,535	–	–	–	–	–	–	–	1,535	1,535
Other payables and accruals	–	1,127	1,127	–	–	–	–	–	–	–	1,127	1,127
Due to related party (non-trade)	–	49	49	–	–	–	–	–	–	–	49	49
Due to directors (non-trade)	–	17	17	–	–	–	–	–	–	–	17	17
Other borrowings	16	286	302	46	1,144	1,190	14	1,138	1,152	76	2,568	2,644
Loans from directors	–	1,897	1,897	–	–	–	–	–	–	–	1,897	1,897
Total	16	4,911	4,927	46	1,144	1,190	14	1,138	1,152	76	7,193	7,269

31. FINANCIAL RISK MANAGEMENT (cont'd)

Fair values of financial instruments

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

in kEUR	As at Dec 31, 2012 Carrying amount	As at Dec 31, 2012 Fair Value	As at Dec 31, 2011 Carrying amount	As at Dec 31, 2011 Fair value
Financial assets measured at amortized cost				
Non-current assets	1,118	1,118	1,067	1,213
Trade receivables	34,310	34,310	47,572	47,572
Cash and cash equivalents	48,938	48,938	25,690	25,690
Other current assets	7,908	7,908	4,858	4,858
Total	**92,274**	**92,274**	**79,187**	**79,333**
Financial liabilities measured at amortized cost				
Trade payables	1,133	1,133	1,535	1,535
Other payables and accruals	1,073	1,073	1,127	1,127
Other borrowings	2,317	2,317	2,568	2,568
Due to related parties (non-trade)	74	74	49	49
Due to directors (non-trade)	213	213	17	17
Loans from directors	–	–	1,897	1,897
Total	**4,810**	**4,810**	**7,193**	**7,193**

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. The carrying amounts of the secured bank loans and other borrowings approximate their fair values due to their variable interest rates.

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

	Dec 31, 2012 %	Dec 31, 2011 %
Financial assets		
Other non-current assets	6.15	6.65

31. FINANCIAL RISK MANAGEMENT (cont'd)

Fair values of financial instrument (cont'd)

Fair value hierarchy

The Group classify 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, 2012 and December 31, 2011, the Group held no assets within the scope of IAS 39, which are recorded at fair value.

32. 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 25, cash and bank balances disclosed in Note 19, 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.

33. Members of the Management Board and the Supervisory Board

The following individuals were members of the Management Board:

Zhenkui CHEN (Chairman, Chief Executive Officer)	Occupation:	Businessman
Zhenping HUANG (Deputy Chairman, Chief Operating Officer)	Occupation:	Businessman
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
Hock Eng CHAN	Occupation:	Businessman

34. 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 593.

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 135.

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.

35. Number of employees

Haikui employed an average of 2,131 employees, including 668 permanent workers and 1,463 temporary contract workers for 2012 compared to an average of 2,194, including 605 permanent workers and 1,589 temporary contract workers for 2011. There are no employees for Haikui Seafood AG.

Number of employees	Jan 1, 2012 to Dec 31, 2012	Feb 24, 2011 to Dec 31, 2011
Finance, accounting and administration	110	109
Sales and procurement	67	52
Research and development	17	12
Production and quality assurance	474	443
Total permanent employees	668	616
Temporary contract workers	1,463	1,695
Total employees and temporary contract workers	2,131	2,311

36. Total remuneration of the group auditor

Crowe Horwath Deutschland GmbH was appointed as the auditor of Haikui Seafood AG for the financial year 2012. The total remuneration of the group auditor for financial year ended 2012 is disclosed below:

in kEUR	Jan 1, 2012 to Dec 31, 2012	Feb 24, 2011 to Dec 31, 2011
Audit services	83	87
Other certification services	53	52
Tax services	3	–
	139	139

37. Events after the reporting period

There were no significant events that took place subsequent to the reporting period as at the date of this report.

38. Declaration of compliance with the German Corporate Governance Code

The Management Board and the Supervisory Board on March 19, 2013 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-compliance).

39. Approval of the Consolidated Financial Statements

The consolidated financial statements for the financial year ended December 31, 2012 were approved and authorized for issuance by the Management Board on April 15, 2013.

Signatures of the Management Board

Frankfurt, April 15, 2013

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 15, 2013

Zhenkui CHEN	Zhenping HUANG	Alan GEY

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Haikui Seafood AG (formerly known as China Haikui AG), Frankfurt, 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, 2012 to December 31, 2012. The preparation of the consolidated financial statements and the goup 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 15, 2012

CROWE HORWATH Deutschland GmbH
Wirtschaftsprüfungsgesellschaft

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

FINANCIAL CALENDAR

Date*	Event
April 17, 2013	Publication of annual report 2012
May 22, 2013	Publication of Q1 2013 report
July 11, 2013	Annual General Meeting
August 21, 2013	Publication of Q2 2013 report
November 11-13, 2013	German Equity Forum 2013, Frankfurt am Main
November 20, 2013	Publication of Q3 2013 report

*all dates are provisional and maybe subject to change

IMPRINT

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Cautionary note regarding forward-looking statement

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