UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to
FORM 10-Q/A

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______

Commission File Number: 001-35192

PINGTAN MARINE ENTERPRISE LTD.
(Exact name of registrant as specified in its charter)

Cayman Islands	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

18/F, Zhongshan Building A,
No. 154 Hudong Road
Fuzhou, P.R.C. 350001
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **86-591-8727-1266**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 6, 2014, the outstanding number of shares of the registrant's ordinary stock, par value $0.001 per share, was 79,055,053.

EXPLANATORY NOTE

This Amendment No. 1 to the Quarterly Report on Form 10-Q (this "Amendment") of Pingtan Marine Enterprise Ltd. for the period ended June 30, 2014 is amending the Quarterly Report on Form 10-Q originally filed on August 6, 2014 (the "Original Report"). We are filing this Amendment No. 1 to reflect the restatement of our audited consolidated financial statements contained herein for the year ended December 31, 2013. As disclosed in our Current Report on Form 8-K as filed on November 5, 2014, as of December 31, 2012, we incorrectly reflected certain balances of China Growth Equity Investments Ltd. in our consolidated financial statements at December 31, 2012 that should have been reflected as part of the recapitalization of the Company on the effective date of the share exchange agreement that occurred on February 25, 2013. Accordingly, we amended our consolidated financial statements for the six months ended June 30, 2013 to reflect the historical consolidated financial statements of CDGC and Merchant Supreme as the accounting acquirer prior to February 25, 2013 and the consolidated financial statements of PME, CDGC and Merchant Supreme and related subsidiaries for all periods subsequent to the closing date and to reflect other miscellaneous adjustments.

Additionally, we restated our consolidated financial statements as of June 30, 2014 and for the three and six months ended June 30, 2014 and 2013 to:

a) adjust the prepaid vessel rights to the historical cost of the vessels leased which is the historical cost of the 20 vessels on the books of Hong Long, to reflect the historical amount as a capital lease and reclassify such amounts to property, plant and equipment, adjust the related depreciation and amortization expense, and to reflect any excess amounts paid for the operating rights as a capital distribution pursuant to ASC 805-50;

b) clarify certain disclosure related to the acquisition of 46 vessels from a related party in June 2013 and disclosure related to the acquisition of operating license rights to 20 vessels in December 2013 from a related party; and

c) record other miscellaneous adjustments such as the reclassification of certain balance sheets items and accrued wages and social insurance for some employee.

Please see Note 23 - Restatement contained in the Notes to Consolidated Financial Statements appearing later in this Amendment which further describes the effect of these restatements. In addition, we have amended the following sections of this report:

Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations & Liquidity and Capital Resources

This Amendment also contains currently dated certifications as Exhibits 31.1, 31.2 and 32.1. No attempt has been made in this Amendment to modify or update the other disclosures presented in the report as previously filed, except as set forth herein. This Amendment does not reflect events occurring after the filing of the Original Report or modify or update those disclosures that may be affected by subsequent events. Accordingly, this Amendment should be read in conjunction with our other filings with the SEC made by the Company with the SEC pursuant to Section 13(a) or Section 15(d) of the Exchange Act subsequent to the filing of the Original Filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report, and the information incorporated by reference herein, which reflect our current views with respect to future events and financial performance, and any other statements of a future or forward-looking nature, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements give current expectations or forecasts of future events. Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained or incorporated by reference in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statement. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

References in this report to "we," "us" or "our company" refer to Pingtan Marine Enterprise Ltd.

PINGTAN MARINE ENTERPRISE LTD.

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN U.S. DOLLARS)

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
ASSETS		
CURRENT ASSETS:		
Cash	$ 13,628,063	$ 8,156,599
Accounts receivable, net of allowance for doubtful accounts	25,273,649	9,133,130
Inventories, net of reserve for obsolete inventories	13,847,641	9,095,736
Prepaid expense	904,784	4,309,574
Advance to suppliers	9,859	-
Other receivable	165,824	11,665
Total Current Assets	53,829,820	30,706,704
OTHER ASSETS:		
Long-term investment	3,385,131	3,468,953
Prepayment for long-term assets	32,802,342	33,985,148
Property, plant and equipment, net	120,893,797	101,970,707
Total Other Assets	157,081,270	139,424,808
Total Assets	$ 210,911,090	$ 170,131,512
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 839,385	$ 2,184,964
Accounts payable - related parties	9,178,529	13,807,605
Advance from customers	-	297,034
Short-term bank loans	20,958,121	9,085,353
Long-term bank loans - current portion	26,678,058	20,252,077
Accrued liabilities and other payable	5,651,770	4,643,272
Due to related parties	673,355	-
Deferred grant income	507,480	520,045
Total Current Liabilities	64,486,698	50,790,350
OTHER LIABILITIES:		
Long-term bank loans - non-current portion	44,345,219	54,499,727
Total Liabilities	108,831,917	105,290,077
SHAREHOLDERS' EQUITY:		
Ordinary shares ($0.001 par value; 225,000,000 shares authorized; 79,055,053 shares issued and outstanding at June 30, 2014 and December 31, 2013)	79,055	79,055
Additional paid-in capital	117,525,377	117,525,377
Accumulated deficit	(25,423,368)	(63,654,445)
Statutory reserve	6,412,892	6,412,892
Accumulated other comprehensive income - foreign currency translation adjustment	3,485,217	4,478,556
Total Shareholders' Equity	102,079,173	64,841,435
Total Liabilities and Shareholders' Equity	$ 210,911,090	$ 170,131,512

See notes to unaudited condensed consolidated financial statements

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(IN U.S. DOLLARS)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (As Restated)	2013 (As Restated)	2014 (As Restated)	2013 (As Restated)
REVENUE	$ 56,909,432	$ 21,362,357	$ 122,492,384	$ 41,031,833
COST OF REVENUE	39,472,433	11,749,639	79,455,923	26,402,717
GROSS PROFIT	17,436,999	9,612,718	43,036,461	14,629,116
OPERATING EXPENSES:				
Selling	568,422	174,046	1,239,373	368,734
General and administrative	798,569	866,194	1,578,840	1,167,536
Total Operating Expenses	1,366,991	1,040,240	2,818,213	1,536,270
INCOME FROM OPERATIONS	16,070,008	8,572,478	40,218,248	13,092,846
OTHER INCOME (EXPENSE):				
Interest income	5,746	1,460	9,171	2,556
Interest expense	(1,276,778)	(276,104)	(2,409,201)	(709,785)
Foreign currency transaction loss	(302,850)	(428,389)	(457,634)	(220,405)
Grant income	-	205	524,421	35,592
Investment income from cost-method investment	345,983	69,071	345,983	69,071
Other income	252	11	89	2,014
Total Other Income (Expense), net	(1,227,647)	(633,746)	(1,987,171)	(820,957)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	14,842,361	7,938,732	38,231,077	12,271,889
INCOME TAXES	-	-	-	-
NET INCOME FROM CONTINUING OPERATIONS	14,842,361	7,938,732	38,231,077	12,271,889
NET INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX	-	17,759,118	-	27,099,254
NET INCOME	$ 14,842,361	$ 25,697,850	$ 38,231,077	$ 39,371,143
COMPREHENSIVE INCOME:				
NET INCOME	$ 14,842,361	$ 25,697,850	$ 38,231,077	$ 39,371,143
OTHER COMPREHENSIVE INCOME				
Foreign currency translation gain/(loss)	306,262	4,170,925	(993,339)	5,754,677
TOTAL COMPREHENSIVE INCOME	$ 15,148,623	$ 29,868,775	$ 37,237,738	$ 45,125,820
BASIC AND DILUTED EARNINGS PER SHARE				
From continuing operations	$ 0.19	$ 0.10	$ 0.48	$ 0.16
From discontinued operations	0.00	0.22	0.00	0.35
Net income	$ 0.19	$ 0.32	$ 0.48	$ 0.51
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:				
Basic and diluted	79,055,053	79,055,053	79,055,053	78,430,589

See notes to unaudited condensed consolidated financial statements

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Six Months Ended June 30, 2014
(IN U.S. DOLLARS)

	Ordinary Shares		Additional			Accumulated Other	Total
	Number of Shares	Amount	Paid-in Capital	Accumulated Deficit	Statutory Reserve	Comprehensive Income	Stockholders' Equity
Balance, December 31, 2013 - as restated	79,055,053	$ 79,055	$117,525,377	$(63,654,445)	$ 6,412,892	$ 4,478,556	$ 64,841,435
Net income	-	-	-	38,231,077	-	-	38,231,077
Foreign currency translation adjustment	-	-	-	-	-	(993,339)	(993,339)
Balance, June 30, 2014 - as restated	79,055,053	$ 79,055	$117,525,377	$(25,423,368)	$ 6,412,892	$ 3,485,217	$102,079,173

See notes to consolidated financial statements

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2014	2013
	(As Restated)	(As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income from continuing operations	$ 38,231,077	$ 12,271,889
Adjustment to reconcile net income from operations to net cash provided by operating activities:		
Depreciation	3,268,713	610,676
Changes in operating assets and liabilities:		
Accounts receivable	(16,401,659)	7,439,389
Other receivable	(154,824)	274,998
Prepaid expense	1,422,129	394,949
Inventories	(4,983,981)	(2,025,416)
Advance to suppliers	(9,883)	-
Accounts payable	(1,295,979)	2,611,720
Accounts payable - related parties	(4,306,058)	331,367
Advance from customers	(290,574)	358,176
Advance from customers - related parties	-	(12,942,680)
Accrued liabilities and other payable	734,992	9,145,867
Due to related parties	23,355	-
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	16,237,308	18,470,935
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from government grants for fishing vessels construction	-	1,861,416
Payment for fishing vessels deposit	-	(200,000,000)
Refund from fixed assets deposit	1,886,749	-
Prepayments made for long-term assets	(22,307,032)	-
Purchase of property, plant and equipment	(773,168)	(14,831,031)
Advance to related parties	-	(8,731,951)
NET CASH USED IN INVESTING ACTIVITIES FOR CONTINUING OPERATIONS	(21,193,451)	(221,701,566)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term bank loans	29,524,941	24,994,395
Repayments of short-term bank loans	(17,402,742)	(30,680,742)
Proceeds from long-term bank loans	3,716,691	-
Repayments of long-term bank loans	(5,643,715)	(1,884,778)
Advance from related parties	650,000	203,779,276
Cash acquired in recapitalization	-	3,565,355
NET CASH PROVIDED BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	10,845,175	199,773,506
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash provided by operating activities from discontinued operations	-	40,030,992
Net cash used in investing activities for discontinued operations	-	(193,780,034)
Net cash provided by financing activities from discontinued operations	-	4,363,800
NET CASH USED IN DISCONTINUED OPERATIONS	-	(149,385,242)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(417,568)	1,725,421
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,471,464	(151,116,946)
CASH AND CASH EQUIVALENTS - beginning of period	8,156,599	171,923,360
CASH AND CASH EQUIVALENTS - end of period	$ 13,628,063	$ 20,806,414
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 2,984,513	$ 1,395,742
NON-CASH INVESTING AND FINANCING ACTIVITIES:		

Deposit on setting up joint venture netted of accounts payable - related parties	$ -	$ 6,090,302
Acquisition of property, plant and equipment by decreasing prepayment for long-term assets	$ 22,669,536	$ -
Proceeds from deferred grant income	$ -	$ 7,594,182

See notes to unaudited condensed consolidated financial statements

1. DESCRIPTION OF BUSINESS AND ORGANIZATION

China Equity Growth Investment Ltd. ("CGEI") incorporated in the Cayman Islands as an exempted limited liability company, was incorporated as a blank check company on January 18, 2010 with the purpose of directly or indirectly acquiring, through a merger, share exchange, asset acquisition, plan of arrangement, recapitalization, reorganization or similar business combination, an operating business, or control of such operating business through contractual arrangements, that has its principal business and/or material operations located in the PRC. In connection with its initial business combination, CGEI changed its name to Pingtan Marine Enterprise Ltd. (“the Company” or “PME”) in February 2013.

Merchant Supreme is limited liability company incorporated on June 25, 2012, in British Virgin Island (“BVI”). Merchant Supreme, through its PRC Variable Interest Entity (“VIE”), Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd. (“Pingtan Fishing”) engages in ocean fishery with its owned and licensed vessels within Indian EEZ and Arafura Sea of Indonesia. Pingtan Fishing is ranked highly as one of the leading private (not state-owned) supplier and trader of oceanic aquatic products in PRC.

CGEI and China Dredging Group Co., Ltd. (“CDGC”) entered into the Merger Agreement dated October 24, 2012, providing for the combination of CGEI and CDGC. Pursuant to the Merger Agreement, CDGC continued as the surviving company and a wholly-owned subsidiary of CGEI. CGEI also acquired all of the outstanding capital shares and other equity interests of Merchant Supreme Co., Ltd (“Merchant Supreme”) as per Share Purchase Agreement dated October 24, 2012. Following the completion of the business combination held on February 25, 2013, CDGC and Merchant Supreme became the wholly-owned subsidiaries of the Company.

On June 19, 2013, the Company entered into a master agreement with a related company, Fuzhou Honglong Ocean Fishery Co., Ltd (“Hong Long”) to acquire 46 fishing vessels with total consideration of $410.1 million representing the fair market value on the date of acquisition. The major shareholder of Hong Long is Ms. Ping Lin, spouse of Xinrong Zhuo (“Mr. Zhuo”), the Company’s Chairman and CEO, who holds 66.5% whereas the remaining two shareholders, Mr. Zhuo’s cousins, hold 33.5%. Mr. Zhuo currently holds about 56.2% of PME. The transaction between PME and Hong Long is accounted as common control transaction. Based on Accounting Standards Codification ("ASC") 805-50, PME recorded the value of $21.8 million as the cost of the vessels which was the net carrying amount recorded in Hong Long's books at the date of transfer. The balance of $388.3 million above cost was treated as a return of capital in the equity accounts. $249.3 million was recorded as a reduction in retained earnings and the balance of $139.0 million applied to additional paid-in capital.

On December 4, 2013, in connection with the sale of CDGC, the Company and Hong Long entered into an agreement whereby Hong Long assigned its operating rights of 20 vessels for a period of 25 years pursuant to a license agreement to Pingtan Fishing. Subsequent to the licensing of the operating rights, Pingtan Fishing is entitled to 100% operation and operating results from vessels. Hong Long was not able to transfer ownership of these 20 vessels to the Company since Hong Long received subsidies from China’s central government budget in 2012 for the construction of these 20 vessels and Hong Long received notification from the Government prohibiting the sale or transfer of ownership of these vessels for a period of 10 years for fishing vessels that have received such subsidies.

(IN U.S. DOLLARS)

1. DESCRIPTION OF BUSINESS AND ORGANIZATION (…/Cont'd)

Details of the Company's subsidiaries and VIEs which are included in these consolidated financial statements as of June 30, 2014 are as follows:

Name of subsidiaries	Place and date of incorporation	Percentage of ownership	Principal activities
Merchant Supreme Co., Ltd. ("Merchant Supreme")	BVI, June 25, 2012	100% held by PME	Intermediate holding company
Prime Cheer Corporation Ltd. ("Prime Cheer")	Hong Kong, May 3, 2012	100% held by Merchant Supreme	Intermediate holding company
Pingtan Guansheng Ocean Fishing Co., Ltd. ("Pingtan Guansheng")	PRC, October 12, 2012	100% held by Prime Cheer	Intermediate holding company

The following wholly owned VIEs are consolidated into financial statements.

Name of VIEs
Fujian Provincial Pingtan County Fishing Group Co., Ltd. ("Pingtan Fishing")
Pingtan Dingxin Fishing Information Consulting Co., Ltd. ("Pingtan Dingxin")
Pingtan Duoying Fishing Information Consulting Co., Ltd. ("Pingtan Duoying")
Pingtan Ruiying Fishing Information Consulting Co., Ltd. ("Pingtan Ruiying")

2. DISCONTINUED OPERATIONS

In order to place increased focus on fishing business and pursue more effective growth opportunities, the Company decided to exit and sell the specialized dredging services operated by CDGC to its affiliate, Hong Long, and the sale was completed on December 4, 2013 with payment in kind consideration of $543.8 million. Pursuant to ASC Topic 205-20, Presentation of Financial Statements-Discontinued Operations, the business of CDGC is considered as a discontinued operation because: (a) the operations and cash flows of CDGC were eliminated from the Company's operations; and (b) the Company would not have ability to influence the operation or financial policies of CDGC subsequent to the sale.

The payment consideration for the sale consisted of the following items:

a) offset the Company's current $155.2 million promissory note which matures on June 19, 2015 and bears an interest rate of 4%;
b) the transfer to the Company of the 25-year lease agreement for the operating rights to 20 new fishing vessels, with such rights appraised at $216.1 million at the fair market value; and
c) offset of current accounts of $172.5 million made between the Company and CDGC.

(IN U.S. DOLLARS)

2. DISCONTINUED OPERATIONS (…/Cont'd)

The results of operation of CDGC and its subsidiaries have been presented as discontinued operations for the three and six months ended June 30, 2013. The following table provides the financial results included in net income from discontinued operations during the period presented:

	April 1 to June 30, 2013	January 1 to June 30, 2013
Revenue	$ 50,547,631	$ 77,286,702
Income from discontinued operations before income tax	$ 23,032,445	$ 34,575,832
Income tax	$ (5,273,327)	$ (7,476,578)
Net income from discontinued operations	$ 17,759,118	$ 27,099,254

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These interim consolidated financial statements of the Company and its subsidiaries and variable interest entities (each, a "VIE", and together with the Company and its subsidiaries, the "Group") are unaudited. In the opinion of management, all adjustments (consisting of normal recurring accruals) and disclosures necessary for a fair presentation of these interim consolidated financial statements have been included. The results reported in the consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year. The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all information and footnotes necessary for a complete presentation of financial statements in conformity with generally accepted accounting principles in the United States ("U.S. GAAP").

The unaudited consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and VIEs in which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated. The consolidated financial statements of the Company have been prepared as if the existing corporate structure had been in existence throughout the periods presented and as if the reorganization had occurred as of the beginning of the earliest period presented.

Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2013 filed with the Securities and Exchange Commission on November 10, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Basis of presentation (…/Cont'd)

Reclassifications

Certain prior period information has been reclassified to be comparable with the current period presentation. This reclassification has no effect on previously reported net income.

Consolidation of VIE

The Company has no direct or indirect legal or equity ownership interest in Pingtan Fishing. Moreover, another set of VIE agreements have been entered between Pingtan Guansheng and the shareholders of Pingtan Fishing. The shareholders of Pingtan Fishing also have assigned all their rights as shareholders, including voting rights and disposition rights of their equity interest in Pingtan Fishing to Pingtan Guansheng, our direct, wholly-owned subsidiary. Accordingly, by virtue of the VIE Agreements, Pingtan Guansheng is the primary beneficiary of Pingtan Fishing as defined by ASC 810 "Consolidation of Variable Interest Entities". Therefore, Pingtan Fishing is consolidated as VIE.

In accordance with ASC 810-10-15-14, Pingtan Fishing and its subsidiaries; namely Pingtan Dingxin, Pingtan Duoying and Pingtan Ruiying are deemed VIEs for two reasons. First, the equity stockholders of Pingtan Fishing do not significantly enjoy the benefits of income or suffer the consequences of losses. Second, the equity stockholders of Pingtan Fishing do not possess the direct or indirect ability through voting or similar rights to make decisions regarding their activities that have a significant effect on the success of Pingtan Fishing. Therefore, in accordance with ASC 810-10-25-38A, the Company is deemed to be the primary beneficiary of Pingtan Fishing and the financial statements of Pingtan Fishing are consolidated in the Company's consolidated financial statements.

The following tables show the assets and liabilities of the Company's VIEs after eliminating the intercompany balances as of June 30, 2014 and December 31, 2013. The VIEs include Pingtan Fishing Group which comprises of Pingtan Fishing itself and its three subsidiaries; namely Pingtan Dingxin, Pingtan Duoying and Pingtan Ruiying. The creditors of Pingtan Fishing Group do not have recourse against the general creditors of their primary beneficiaries or other Group members.

(IN U.S. DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Consolidation of VIE (…/Cont'd)

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
ASSETS		
Cash	$ 13,329,961	$ 7,736,309
Accounts receivable	25,273,649	9,133,130
Other receivable	165,793	11,632
Inventories	13,847,641	9,095,736
Prepaid expense	904,242	4,306,753
Advance to suppliers	9,859	-
Long-term investment	3,385,131	3,468,953
Prepayment for long-term assets	32,802,342	33,985,148
Property, plant and equipment, net	95,075,220	75,623,422
TOTAL ASSETS	$ 184,793,838	$ 143,361,083
LIABILITIES		
Accounts payable	$ 839,385	$ 2,184,964
Accounts payable - related parties	9,178,529	13,807,605
Advance from customers	-	297,034
Short-term bank loans	20,958,121	9,085,353
Accrued liabilities and other payable	5,493,245,	4,423,847
Long-term bank loans	71,023,277	74,751,804
Deferred grant income	507,480	520,045
TOTAL LIABILITIES	$ 108,000,037	$ 105,070,652

The following tables show the revenue, cost of revenue and net income of the Company's VIEs after eliminating the intercompany balances for the three and six months ended June 30, 2014 and 2013.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (As Restated)	2013 (As Restated)	2014 (As Restated)	2013 (As Restated)
Revenue	$ 56,909,432	$ 21,362,357	$ 122,492,384	$ 41,031,833
Cost of revenue	$ (39,472,433)	$ (11,749,639)	$ (79,455,923)	$ (26,402,717)
Net income from continuing operations	$ 15,547,032	$ 8,648,024	$ 39,279,965	$ 13,045,068

(IN U.S. DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Significant items subject to such estimates and assumptions include the recoverability of the carrying amount and the estimated useful lives of long-lived assets; valuation allowances for receivables, and realizable values for inventories. Accordingly, actual results could differ from those estimates.

Foreign currency translation

The reporting currency of the Company is the U.S. dollar. The functional currency of the parent company and subsidiaries of Merchant Supreme and Prime Cheer is the U.S. dollar and the functional currency of the Company's subsidiary of Pingtan Guansheng and operating VIEs is the Chinese Renminbi ("RMB"). For the subsidiary of Guansheng and VIEs, whose functional currencies are the RMB, results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period, and equity is translated at historical exchange rates. As a result, amounts relating to assets and liabilities reported on the statements of cash flows may not necessarily agree with the changes in the corresponding balances on the balance sheets. Translation adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining comprehensive income. Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date with any transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

All of the Company's revenue transactions are transacted in the functional currency of the operating VIEs. The Company does not enter into any material transaction in foreign currencies. Transaction gains or losses have not had, and are not expected to have, a material effect on the results of operations of the Company. A summary of exchange rate is as follows:

	June 30, 2014	December 31, 2013
Balance sheet items, except for equity accounts	RMB6.2036=$1	RMB6.0537=$1

	For the Six Months Ended June 30,	
	2014	2013
Items in statements of income and cash flows	RMB6.1883=$1	RMB6.1811=$1

Cash

Cash consists of cash on hand and at banks.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Accounts receivable

The Company only grants credit terms to established customers who are deemed to be financially responsible. Credit periods to customers are within 60 days after customers received the purchased goods.

The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews customer credit worthiness, past transaction history, and changes in payment terms when determining the adequacy of these allowances. Accounts are written off against the allowance when it becomes evident collection will not occur.

No allowance for doubtful accounts has been provided for accounts receivable from third party customers for the three and six months ended June 30, 2014 and 2013, respectively. The company collected a majority of receivable balances from third party customers as of June 30, 2014 and December 31, 2013 within 60 days subsequent to respective balance sheet dates, and historically has not experienced uncollectible accounts from customers granted with credit sales.

Revenue recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the customer is fixed or determinable, and collection of the resulting receivable is reasonably assured.

With respects to the sale of frozen fish and other marine catches to third party customers, most of which are sole proprietor regional wholesalers in China, the Company recognizes revenue when customers pick up purchased goods at the Company's cold storage warehouse, after payment is received by the Company or credit sale is approved by the Company for recurring customers who have history of financial responsibility. The Company does not offer promotional payments, customer coupons, rebates or other cash redemption offers to its customers. The Company does not accept returns from customers. Deposits or advance payments from customers prior to delivery of goods are recorded as receipt in advance.

Government grant

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the cost of the asset and is released to the income statement over the expected useful life in a consistent manner with the depreciation method for the relevant asset.

Deferred grant income

Deferred grant income represents income collected but not earned as of the report date. This is composed of receipts of the government grants to construct new fishing vessels. Upon the completion of the construction of the fishing vessels, the grant is deducted from the cost of the fishing vessels. As of June 30, 2014 and December 31, 2013, deferred grant income amounted to $507,480 and $520,045, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Fishing licenses

Each of the Company's fishing vessels requires an approval from Ministry of Agriculture of the People's Republic of China to carry out ocean fishing projects in foreign territories. These approvals are valid for a period from three to twelve months, and are awarded to the Company at no cost. The Company applies for the renewal of the approval prior to expiration to avoid interruptions of fishing vessels' operations.

Each of the Company's fishing vessels operated in Indonesia water requires a fishing license granted by the authority in Indonesia. Indonesia fishing licenses remain effective for a period of twelve months and the Company applies for renewal prior to expiration. The Company records cost of Indonesia fishing licenses in prepaid expenses and amortizes over the effective period of the licenses.

Inventories

Inventories are stated at the lower of cost or market. Cost comprises of fuel, depreciation, amortization, direct labor, shipping, consumables, and government levied charges and taxes. Consumables include fishing nets and metal containers used by fishing vessels. The Company's fishing fleets in India and Indonesia waters operate throughout the year, although the May to July period demonstrates lower catch quantities compared to the October to January which is the peak season. Cost of frozen fish and other marine catches at period-ends is calculated using the weighted average method. There was no inventory valuation reserve provided as at June 30, 2014 and December 31, 2013.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Expenditures for major additions and betterments are capitalized. Depreciation of property, plant and equipment is computed by the straight-line method over the assets estimated useful lives.

Upon sale or retirement of property, plant and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

(IN U.S. DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Property, plant and equipment (…/Cont'd)

The estimated useful lives of the assets are as follows:

	Estimated lives
Fishing vessels	10 - 25 Years
Major improvement on fishing vessel	4 – 20 Years
Motor vehicle	3 - 5 Years
Office and other equipment	3 - 5 Years

Expenditures for repairs and maintenance, which do not extend the useful life of the assets, are expensed as incurred.

Capitalized interest

Interest associated with the construction of a fishing vessel is capitalized and included in the cost of the fishing vessels. When no debt is incurred specifically for the construction of a fishing vessel, interest is capitalized on amounts expended on the construction using weighted-average cost of the Company's outstanding borrowings. Capitalization of interest ceases when the construction is substantially complete or the construction activity is suspended for more than a brief period. The Company capitalized interest of approximately $215,000 and $459,000 for the three months ended June 30, 2014 and 2013, respectively; approximately $593,000 and $711,000 for the six months ended June 30, 2014 and 2013, respectively, in the fishing vessels under construction.

Impairment of long-lived assets

In accordance with FASB ASC Topic 360, "Property, Plant and Equipment", the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value. If long-lived assets are to be disposed, depreciation is discontinued, if applicable, and the assets are reclassified as held for sale at the lower of their carrying amounts or fair values less costs to sell.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Income taxes

Under the current laws of the Cayman Islands and British Virgin Islands, the Company and Merchant Supreme are not subject to any income or capital gains tax, and dividend payments that the Company may make are not subject to any withholding tax in the Cayman Islands or British Virgin Islands. Under the current laws of Hong Kong, Prime Cheer is not subject to any capital gains tax and dividend payments and is not subject to any withholding tax in Hong Kong.

The Company is not incorporated nor does it engage in any trade or business in the United States and is not subject to United States federal income taxes. The Company did not derive any significant amount of income subject to such taxes after completion of the Share Exchange and accordingly, no relevant tax provision is made in the consolidated statements of operations.

Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be effective when the differences are expected to reverse.

Deferred tax assets are reduced by a valuation allowance to the extent that management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of income in the period that includes the enactment date.

The Company prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken in the tax return. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods and income tax disclosures. As of June 30, 2014 and December 31, 2013, there were no amounts that had been accrued with respect to uncertain tax positions.

The Company's VIE, Pingtan Fishing, is a qualified ocean fishing enterprise certified by the Ministry of Agriculture of the PRC. The qualification is renewed on April 1 each year. Pingtan Fishing is exempt from income tax derived from its ocean fishing operations in the periods it processes a valid Ocean Fishing Enterprise Qualification Certificate issued by the Ministry of Agriculture of the PRC.

In addition, Pingtan Fishing is not subject to foreign income taxes for its operations in India and Indonesia Exclusive Economic Zones.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Fair value measurements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update "ASU 2010-06" "Fair Value Measurements and Disclosures". The new guidance clarifies two existing disclosure requirements and requires two new disclosures as follows: (1) a "gross" presentation of activities (purchases, sales, and settlements) within the Level 3 rollforward reconciliation, which will replace the "net" presentation format; and (2) detailed disclosures about the transfers in and out of Level 1 and 2 measurements. This guidance is effective for the first interim or annual reporting period beginning after December 15, 2009, except for the gross presentation of the Level 3 rollforward information, which is required for annual reporting periods beginning after December 15, 2010, and for interim reporting periods thereafter. The Company adopted the amended fair value disclosures guidance on January 1, 2012.

As of June 30, 2014 and December 31, 2013, none of the Company's financial assets or liabilities was measured at fair value on a recurring basis. As of June 30, 2014 and December 31, 2013, none of the Company's non-financial assets or liabilities was measured at fair value on a nonrecurring basis.

The carrying values of the Company's financial assets and liabilities, including accounts receivable, other receivable, other current assets, short-term bank loans, accounts payable, and accrued liabilities and other payable, are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and if applicable, their stated interest rate approximates current rates available. It is not practicable to estimate the fair values of advance to and advance from related parties because of the related party nature of such advances.

Commitments and contingencies

In the normal course of business, the Company is subject to contingencies, including legal proceedings and environmental claims arising out of the normal course of businesses that relate to a wide range of matters, including among others, contracts breach liability. The Company records accruals for such contingencies based upon the assessment of the probability of occurrence and, where determinable, an estimate of the liability. Management may consider many factors in making these assessments including past history, scientific evidence and the specifics of each matter.

The Company's management has evaluated all such proceedings and claims that existed as of June 30, 2014 and December 31, 2013. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, liquidity or results of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Economic and political risks

The Company's operations are conducted in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC, and by the general state of the PRC economy.

The Company's operation in the PRC is subject to special considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environment and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion, remittances aboard, and rates and methods of taxation, among other things.

According to the sale agreement signed on December 4, 2013, the Company does not own 20 fishing vessels but has the license operating rights to operate these vessels which are owned by Hong Long and the Company is entitled to 100% of net profit (loss) of the vessels. The Company has latitude in establishing price and discretion in supplier selection. There were no economic risks associated with the license operating rights but the Company may need to bear the operation risks and credit risks as aforementioned.

Pension and employee benefits

Cost for pension and employee benefits was approximately $262,000 and $120,000 for the three months ended June 30, 2014 and 2013, respectively; approximately $554,000 and $232,000 for the six months ended June 30, 2014 and 2013, respectively.

Segment information

ASC 280 "Segment reporting" establishes standards for reporting information on operating segments in interim and annual financial statements. The Company currently has only one segment, all of the Company's operations and customers are in the PRC and all income is derived from ocean fishery.

Earnings per ordinary share

Earnings per ordinary share (basic and diluted) are based on the net income attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during each period. Ordinary share equivalents are not included in the calculation of diluted earnings per ordinary share if their effect would be anti-dilutive. Retroactive treatment as required by FASB ASC paragraph 260-10-55-12 has been applied in computing earnings per share to reflect the business combination held on February 25, 2013.

(IN U.S. DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

Earnings per ordinary share (…/Cont'd)

The following table sets forth the computation of basic and diluted net income per ordinary share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (As Restated)	2013 (As Restated)	2014 (As Restated)	2013 (As Restated)
Net income				
From continuing operations	$ 14,842,361	$ 7,938,732	$ 38,231,077	$ 12,271,889
From discontinued operations	-	17,759,118	-	27,099,254
	$ 14,842,361	$ 25,697,850	$ 38,231,077	$ 39,371,143
Weighted average number of ordinary shares outstanding (Basic and diluted)	79,055,053	79,055,053	79,055,053	78,430,589
Earnings per ordinary share (Basic and diluted)				
From continuing operations	$ 0.19	$ 0.10	$ 0.48	$ 0.16
From discontinued operations	0.00	0.22	0.00	0.35
Net income	$ 0.19	$ 0.32	$ 0.48	$ 0.51

For the three and six months ended June 30, 2014 and 2013, the number of securities convertible into ordinary shares (8,966,667) not included in diluted EPS because the effect would have anti-dilutive consists of the followings:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Number of warrants to purchase ordinary shares	8,966,667	8,966,667	8,966,667	8,966,667

Recently issued accounting standards

There are no new significant accounting standards applicable to the Company that have been issued but not yet adopted by the Company as of June 30, 2014.

(IN U.S. DOLLARS)

4. CASH

Cash is classified by geographical areas is set out as follows:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Hong Kong	$ 143,547	$ 269,299
The PRC	13,484,516	7,887,300
	13,628,063	8,156,599
Maximum exposure to credit risk	$ 13,628,063	$ 8,156,599

Cash is denominated in the following currencies:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
USD	$ 279,497	$ 381,516
RMB	13,334,398	7,737,225
HKD	14,168	37,858
	$ 13,628,063	$ 8,156,599

In the PRC and Hong Kong, there are currently no rules or regulations mandating obligatory insurance of bank accounts. Management believes these financial institutions are of high credit quality.

Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

5. ACCOUNTS RECEIVABLE

	June 30, 2014	December 31, 2013
Accounts receivable from independent third parties	$ 25,273,649	$ 9,133,130

(IN U.S. DOLLARS)

6. INVENTORIES

Inventories as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014	December 31, 2013
Frozen fish and marine catches in warehouse	$ 13,847,641	$ 9,095,736

7. PREPAID EXPENSE

As of June 30, 2014 and December 31, 2013, prepaid expense comprised following items:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Prepayments on fuel, consumables and equipment	$ 871,503	$ 3,638,165
Prepaid fishing licenses	-	668,589
Other	33,281	2,820
	$ 904,784	$ 4,309,574

8. OTHER RECEIVABLE

Other receivable as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Deposit for tax exemption application for import of fishing vessel equipment	$ 163,453	$ -
Other	2,371	11,665
	$ 165,824	$ 11,665

(IN U.S. DOLLARS)

9. LONG-TERM INVESTMENT

Long-term investment represents the Company's VIE, Pingtan Fishing's interest in Fujian Pingtan Rural-Commercial Bank Joint-Stock Co., Ltd. ("Pingtan Rural-Commercial Bank''), a private financial institution. Pingtan Fishing completed its registration as a shareholder on October 17, 2012 and paid RMB 21 million, or approximately $3.4 million to subscribe 5% of the common stock of Pingtan Rural-Commercial Bank. Pingtan Fishing held 15,113,250 shares and accounted for 4.8 % investment in the total equity investment of the bank as of June 30, 2014 and December 31, 2013. These shares were as collateral for the Company's long term loan amounting to $2.3 million as of June 30, 2014 and December 31, 2013.

Pingtan Fishing used the cost method of accounting to record its investment since Pingtan Fishing does not have the ability to exercise significant influence over the operating and financing activities of Pingtan Rural-Commercial Bank. The Company determined that there was no impairment on this investment as of June 30, 2014 and December 31, 2013.

Long-term investment for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs.

10. PREPAYMENT FOR LONG-TERM ASSETS

Prepayment for long-term assets as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Deposit for acquisition of commercial retail space	$ 22,252,016	$ -
Payment for vessels construction	10,550,326	33,985,148
	$ 32,802,342	$ 33,985,148

As of June 30, 2014, Pingtan Fishing made total payments of $22,252,016 to property developers in order to purchase commercial retail space located in Hubei and Anhui Province, PRC. These commercial retail spaces will be used for market expansion in the fishery product markets in central and western areas of PRC in order to capture more sales directly to final customers. The total consideration for the commercial retail space will be approximately $27 million (RMB 166,227,200) and the Company expects the title to these retail spaces will be transferred to Pingtan Fishing by the end of fiscal 2014.

11. PROPERTY, PLANT AND EQUIPMENT

At June 30, 2014 and December 31, 2013, property, plant and equipment consisted of the following:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Fishing vessels	$ 60,346,707	$ 61,840,994
Fishing vessels pursuant to capital lease – related party	26,435,403	26,435,403
Vehicle	135,832	139,196
Office and other equipment	471,840	481,239
Fishing vessels under construction	39,262,325	16,272,875
	126,652,107	105,169,707
Less: accumulated depreciation	(5,758,310)	(3,199,000)
	$ 120,893,797	$ 101,970,707

(IN U.S. DOLLARS)

11. PROPERTY, PLANT AND EQUIPMENT, NET (…/Cont'd)

Depreciation expenses were $1,940,584 and $305,432 for three months ended June 30, 2014 and 2013, respectively, of which $1,933,426 and $298,751, were included in cost of revenue and inventories, respectively; the remainder was charged to general and administrative expenses, respectively.

Depreciation expenses were $3,268,713 and $610,676 for six months ended June 30, 2014 and 2013, respectively, of which $3,254,355 and $597,503, were included in cost of revenue and inventories, respectively; the remainder was charged to general and administrative expenses, respectively.

As of June 30, 2014, there are 32 fishing vessels under construction, including (i) 3 fishing vessels ordered in September 2012 which would be delivered in the second half of 2014; and (ii) 29 fishing vessels ordered in June 2013 as a continuation of the Company's fleet replacement plan, the expected delivery time would be 2015. The Company is intended to replace 29 existing older vessels with these 29 new vessels.

As of June 30, 2014 and December 31, 2013, the Company had 26 and 38 fishing vessels with net carrying amount of $21,017,644 and $33,117,389 respectively pledged as collateral for its term loans and term loan of a related party. The term loans of the related party were in the amount of approximately $10.5 million and $20.7 million as of June 30, 2014 and December 31, 2013, respectively (Note 13).

As of June 30, 2014 and December 31, 2013, the Company pledged $19,182,410 and $16,236,585 of fishing vessels under construction as collateral for its term loans.

12. ACCOUNTS PAYABLE - RELATED PARTIES

Accounts payable to related parties as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
PT. Avona Mina Lestari	$ 699,462	$ 1,967,151
Fuzhou Honglong Ocean Fishery Co., Ltd. ("Hong Long")	5,766,822	6,214,491
Hai Yi Shipping Limited	187,447	251,341
Haifeng Dafu Enterprise Company Limited	1,035,130	377,216
Hong Fa Shipping Limited	1,488,540	4,996,031
Zhiyan Lin	-	1,375
Ping Lin	1,128	-
	$ 9,178,529	$ 13,807,605

Accounts payable to related parties are not collateralized, carry no interest, and do not have specific repayment terms.

See Note 17 for the relationship of related parties.

(IN U.S. DOLLARS)

13. TERM LOANS

As of June 30, 2014 and December 31, 2013, The Company's short-term and long-term bank loans consisted of the following items:

Short-term bank loans

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Classified by financial institutions:		
Fujian Haixia Bank	$ -	$ 9,085,353
China Development Bank	20,958,121	-
	$ 20,958,121	$ 9,085,353
Additional information:		
Maximum balance outstanding during period/year	$ 22,458,215	$ 25,169,260
Interest expense for the three months ended June 30, 2014 and 2013	$ 106,969	$ 277,794
Interest expense for the six months ended June 30, 2014 and 2013	$ 496,435	$ 561,217
Weighted average interest rate for the six months ended June 30, 2014 and 2013	5.2%	5.3%

(IN U.S. DOLLARS)

13. TERM LOANS (…/Cont'd)

Short-term bank loans (…/Cont'd)

The principal payments for the outstanding short-term bank loans are as follows:

Name of Banks	Principal amount		Current annualized interest rate	Terms of loans	Collateral	Outstanding amount as of June 30, 2014
China Development Bank, Fujian Branch	USD	4,482,960	Fixed rate at 2.770% per annum	Due on October 17, 2014	Guaranteed by Xinrong Zhuo, Honghong Zhuo, Zhiyan Lin and Shuhui Ke	$ 4,482,960
China Development Bank, Fujian Branch	USD	1,513,990	Fixed rate at 2.773% per annum	Due on November 3, 2014	Guaranteed by Xinrong Zhuo, Honghong Zhuo, Zhiyan Lin and Shuhui Ke	1,513,990
China Development Bank, Fujian Branch	USD	3,881,430	Fixed rate at 2.774% per annum	Due on November 14, 2014	Guaranteed by Xinrong Zhuo, Honghong Zhuo, Zhiyan Lin and Shuhui Ke	3,881,430
China Development Bank, Fujian Branch	USD	5,974,741	Fixed rate at 2.771% per annum	Due on December 7, 2014	Guaranteed by Xinrong Zhuo Honghong Zhuo, Zhiyan Lin and Shuhui Ke	5,974,741
China Development Bank, Fujian Branch	USD	5,105,000	Fixed rate at 2.776% per annum	Due on December 14, 2014	Guaranteed by Xinrong Zhuo, Honghong Zhuo, Zhiyan Lin and Shuhui Ke	5,105,000
						$ 20,958,121

(IN U.S. DOLLARS)

13. TERM LOANS (…/Cont'd)

Long-term bank loans

	June 30, 2014	December 31, 2013
China Minsheng Banking Corporation Limited, Fuzhou Branch	$ 9,647,624	$ 14,829,774
Fujian Haixia Bank, Fuzhou Hualin Branch	2,417,951	3,303,764
The Export-Import Bank of China, Fujian Branch	45,578,374	46,706,972
China Development Bank, Fujian Branch	13,379,328	9,911,294
	$ 71,023,277	$ 74,751,804
Less : Current portion within twelve months	(26,678,058)	(20,252,077)
	$ 44,345,219	$ 54,499,727
Additional information:		
Weighted average interest rate for the six months ended June 30, 2014 and 2013	3.5%	3.6%

Interest expense of long-term loans for the three months ended June 30, 2014 and 2013 amounted to approximately $1,385,000 and $433,000, respectively. Interest expense of approximately $215,000 and $459,000 are capitalized to construction in progress for the three months ended June 30, 2014 and 2013, respectively.

Interest expense of long-term loans for the six months ended June 30, 2014 and 2013 amounted to approximately $2,506,000 and $835,000, respectively. Interest expense of approximately $593,000 and $711,000 are capitalized to construction in progress for the six months ended June 30, 2014 and 2013, respectively.

As of June 30, 2014 and December 31, 2013, Hong Long collateralized its 0.56% (2013: 2.86%) investment in total equity interest of Fujian Fuqing Rural-Commercial Bank, 1.58% (2013: 1.75%) investment in total equity interest of Xiamen International Bank and 2.5625% (2013: 2.7%) investment in total equity interest of Fujian Pingtan Rural-Commercial bank Joint-Stocked Co., Ltd to guarantee Pingtan Fishing's term loans of $0.7 million (2013: $0.7 million), $19.2 million (2013: $19.6 million) and $1.2 million (2013: $1.3 million) respectively.

As of June 30, 2014 and December 31, 2013, a related company, Fujian International Trading and Transportation Company collateralized its 0.30% investment in total equity interest of Xiamen International bank and 0.96% (2013: 1%) of its investment in total equity interest of Fujian Pingtan Rural-Commercial bank Joint-Stocked Co., Ltd to guarantee Pingtan Fishing's term loans of $ 3.7 million (2013: $3.8 million) and $0.5 million (2013: $0.5 million), respectively.

(IN U.S. DOLLARS)

13. TERM LOANS (…/Cont'd)

Long-term bank loans (…/Cont'd)

A summary of the principal payments for the outstanding term loans during the following ten fiscal years is as follows:

Name of bank	Collateral	Term of loans	Principal payment due during 2014	2015	2016	2017	2018-2023	Total outstanding loan amount
China Minsheng Banking Corporation Limited, Fuzhou Branch	Pingtan Fishing's and Hong Long's fishing vessels and guaranteed by Xinrong Zhuo	May 4, 2012 to March 16, 2015	$2,974,080	$2,974,079	$ -	$ -	$ -	$ 5,948,159
China Minsheng Banking Corporation Limited, Fuzhou Branch	Pingtan Fishing's and Hong Long's fishing vessels and guaranteed by Xinrong Zhuo	June 15, 2012 to March 16, 2015	725,386	725,385	-	-	-	1,450,771
China Minsheng Banking Corporation Limited, Fuzhou Branch	Pingtan Fishing's and Hong Long's fishing vessels and guaranteed by Xinrong Zhuo	June 29, 2012 to March 16, 2015	1,124,347	1,124,347	-	-	-	2,248,694
Fujian Haixia Bank, Fuzhou Hualin Branch	Guaranteed by Xinrong Zhuo	April 25, 2012 to March 22, 2015	805,984	1,611,967	-	-	-	2,417,951
The Export-Import Bank of China	Hong Long's investment in equity interest of a PRC local bank	July 5, 2013 to December 10, 2017	3,304,533	4,610,226	5,287,253	5,964,279	-	19,166,291
The Export-Import Bank of China	Hong Long's investment in equity interest of a PRC local bank	July 5, 2013 to December 10, 2017	120,898	177,316	193,436	209,556	-	701,206
The Export-Import Bank of China	Fujian International Trading and Transportation Company Ltd.'s investment in equity interest of a PRC local bank	July 5, 2013 to December 10, 2017	644,787	902,702	999,420	1,144,496	-	3,691,405

(IN U.S. DOLLARS)

13. TERM LOANS (…/Cont'd)

Long-term bank loans (…/Cont'd)

Name of bank	Collateral	Term of loans	2014	2015	2016	2017	2018-2023	Total outstanding loan amount
			Principal payment due during					
The Export-Import Bank of China	Guaranteed by Hong Long	July 5, 2013 to December 10, 2017	3,191,695	4,481,269	5,093,816	2,708,105	-	15,474,885
The Export-Import Bank of China	Fujian International Trading and Transportation Company Ltd.'s investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	80,598	96,718	128,957	145,078	-	451,351
The Export-Import Bank of China	Hong Long's investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	209,556	290,154	354,633	370,752	-	1,225,095
The Export-Import Bank of China	Hong Long's investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	-	-	-	2,595,267	-	2,595,267
The Export-Import Bank of China	Pingtan Fishing's investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	386,872	548,069	644,787	693,146	-	2,272,874
China Development Bank , Fujian Branch	Guarantee by Xingrong Zhuo, Honghong Zhuo, Mrs. and Mr. Zhiyan Lin and 14 fishing vessels under construction	November 28, 2013 to November 27, 2023	564,189	1,128,377	1,208,975	1,370,172	9,107,615	13,379,328
			$14,132,925	$18,670,609	$13,911,277	$15,200,851	$9,107,615	$71,023,277

(IN U.S. DOLLARS)

13. TERM LOANS (…/Cont'd)

Guarantees and collaterals provided to related parties

In October 2012, Pingtan Fishing entered into two pledge contracts with China Minsheng Banking Corp., Ltd. Pursuant to the terms of the pledge contracts, Pingtan Fishing assigned 10 fishing vessels, as collateral to secure Hong Long's long-term loans from the financial institution in amount of approximately $10.8 million, which are due on April 18, 2015. In addition to the collateral provided to Hong Long, Pingtan Fishing also guaranteed the repayment of $46.3 million for Hong Long's long-term loans.

In December 2013, Pingtan Fishing entered into a guarantee agreement with Ping An Bank Co., Ltd. Pursuant to the terms of the guarantee agreement, Pingtan Fishing provide maximum guarantees approximately of $8.3 million to Hong Long's credit line in amount of $16.5 million which is due on December 23, 2014.

As of the issuance date of these financial statements, Pingtan Fishing has not receive any demand from the lender that collateralized properties are intended to be disposed of or to make any payments under the guarantee.

Pursuant Accounting Standards Codification ("ASC") 460-10-25-2, the guarantor is obligated in two aspects in every guarantee or indemnification—a noncontingent liability and a contingent liability. The noncontingent liability represents the guarantor's obligation to stand ready to perform under the terms of the guarantee in the event that the specified triggering events or conditions occur. The contingent liability represents the guarantor's obligation to make future payments if those triggering events or conditions occur and based on the probability that the guaranteed party will not perform under the contractual terms of the guaranty agreement.

We have assessed the contingent liabilities arising from the above-described guarantees and have concluded that no liabilities in respect of the guarantees were required to be recognized as of June 30, 2014 and December 31, 2013.

14. ACCRUED LIABILITIES AND OTHER PAYABLE

Accrued liabilities and other payable as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Accrued salaries and related benefit	$ 4,698,806	$ 4,022,049
Accrued interest due	190,414	177,049
Accrued professional fees	148,400	201,672
Other	614,150	242,502
	$ 5,651,770	$ 4,643,272

15. DUE TO RELATED PARTIES

Certain of the Company's officers and directors, from time to time, have provided advances to the Company for working capital purpose. These advances are short-term in nature, non-interest bearing, unsecured and payable on demand. At June 30, 2014 and December 31, 2013, the due to related parties amount consisted of the following:

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Advance from Xinrong Zhuo	$ 650,000	$ -
Accrued compensation for Xinrong Zhuo, chief executive officer	3,355	-
Accrued compensation for Roy Yu, chief financial officer	20,000	-
	$ 673,355	$ -

16. CAPITAL

Share Capital

On February 25, 2013, CGEI completed its merger with CDGC and the various transactions contemplated by the Agreement and Plan of Merger (the "Merger Agreement"), dated as of October 24, 2012 among CGEI, CDGC, and China Dredging Sub. Ltd. and the share purchase of Merchant Supreme contemplated by the Share Purchase Agreement, dated as of October 24, 2012 (the "Share Purchase Agreement"), among CGEI and Merchant Supreme (collectively, the "Business Combination"). Upon the consummation of the Business Combination, the ordinary shares, $0.001 par value per share of the Company were listed on The NASDAQ Capital Market under the symbol "PME". Pursuant to the terms of the Merger Agreement, upon completion of the Merger, each share of then-issued outstanding ordinary shares and Class A preferred shares of CDGC was automatically cancelled and converted into the right to receive 0.82947 Company Ordinary Shares. Pursuant to the terms of the Share Purchase Agreement, all of the issued and outstanding shares of Merchant Supreme capital shares were purchased by the Company for an aggregate of 25,000,000 Company Ordinary Shares. On February 26, 2013, the Company announced that it had completed the Business Combination.

An aggregate of 30,329,883 ordinary shares and 3,966,667 warrants that were originally issued by CGEI, to Chum Capital Group Limited, in connection with a private placement prior to CGEI's initial public offering, became exercisable for the Company's ordinary shares beginning on March 27, 2013 (the "Sponsor Warrants"). The Sponsor Warrants have been registered for resale by the selling security-holders under Form S-3 filed on June 17, 2013 and declared effective on June 19, 2013. On June 2, 2011, the Company sold 5,000,000 units, at an offering price of $10.00 per unit, generating gross proceeds of $50,000,000. Each unit consists of one ordinary share, $0.001 par value, of the Company and one redeemable purchase warrant. Each warrant will entitle the holder to purchase from the Company one ordinary share at an exercise price of $12.00 commencing upon the completion of a business combination and expiring five years from the consummation of a business combination. The Company also registered an aggregate of 8,966,667 ordinary shares that are issuable by the Company upon exercise of the 3,966,667 Sponsor Warrants and 5,000,000 warrants that were issued in the CGEI's initial public offering (the "Public Warrants") and that became exercisable upon the consummation of the transactions contemplated by that certain Agreement and Plan of Merger, dated as of October 24, 2012, between CGEI, CDGC, China Growth Dredging Sub Ltd. and Xinrong Zhuo and by that certain Share Purchase Agreement, dated as of October 24, 2012, between CGEI and Merchant Supreme.

Each Public Warrants and Sponsor Warrant (the "Warrants") entitles the registered holder thereof to purchase one of the Company's ordinary shares upon payment of the exercise price of $12.00 per share.

The Sponsor Warrants are identical to the Public Warrants except that the Sponsor Warrants will be exercisable for cash or on a cashless basis, at the holder's option, and will not be redeemable by the Company, in each case so long as they are still held by these purchases or their transferees.

In accordance with US GAAP, the Company accounted for the warrants as equity instruments.

(IN U.S. DOLLARS)

16. CAPITAL (…/Cont'd)

Share Capital (…/Cont'd)

A summary of all warrants outstanding as of June 30, 2014 is presented below:

	Number of Warrants	Exercise Price	Terms
Exercisable as of June 30, 2014	8,966,667	$ 12	3.7 years

During the three and six months ended June 30, 2014, no warrants were granted, exercised or expired.

Retained earnings and statutory reserves

Pingtan Guansheng and Pingtan Fishing Group operate in the PRC, are required to reserve 10% of their net profits after income tax, as determined in accordance with the PRC accounting rules and regulations. Appropriation to the statutory reserve by the Company is based on profit arrived at under PRC accounting standards for business enterprises for each year. The statutory reserves of the Company represent the statutory reserves of the above-mentioned companies as required under the PRC law.

The profit arrived at must be set off against any accumulated losses sustained by the Company in prior years, before allocation is made to the statutory reserve. Appropriation to the statutory reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends.

As of June 30, 2014, statutory surplus reserves of Pingtan Fishing reached 50% of the registered capital. No appropriation required in accordance with the PRC accounting rules and regulations. The registered capital of Pingtan Fishing is RMB 80 million in statutory record including RMB 29.5 million of capital injection by fishing vessels from related parties. According to SAB Topic 5G, this SAB requires that the assets be recorded at predecessor's cost and the registered capital of Pingtan Fishing per audit is $6,254,178 (RMB50.5 million). Pingtan Guansheng, Pingtan Dingxin, Pingtan Duoying and Pingtan Ruiying had sustained losses since its establishment; therefore no appropriation of net profits to the statutory reserves was required.

17. RELATED PARTY TRANSACTIONS

The Company conducted transactions with certain of the Company's officers and directors, as well as with the following related parties:

Name of related parties	Relationship
Xinrong Zhuo	CEO, Director and major shareholder of the Company, a Family Member*
Ping Lin	Spouse of Xinrong Zhuo, a Family Member and shareholder of Hong Long
Panxing Zhuo	Father of Xinrong Zhuo, a Family Member
Honghong Zhuo	Shareholder of Pingtan Fishing,daughter of Xinrong Zhuo and a Family Member
Qing Lin	Brother-in-law of Xinrong Zhuo, a Family Member
Longfei Zhuo	Cousin of Xinrong Zhuo
Sunqiang Zhou	Brother-in-law of Xinrong Zhuo, a Family Member
Cheng Chen	Cousin of Xinrong Zhuo, a Family Member and shareholder of Hong Long
Xiaojie Wu	Brother-in-law of Xinrong Zhuo
Xiaoqin Xu	An employee of an affiliate company
Xiaomei Yang	An employee of the Company and niece of Xinrong Zhuo
Xiaofang Zhuo	Cousin of Xinrong Zhuo
Longhua Zhuo	Sister of Xinrong Zhuo
Zhiyan Lin	Shareholder and legal representative of Pingtan Fishing, a Family Member
Fujian Yihai Investment Co., Ltd.	An affiliate company majority owned by Longjie Zhuo, sibling of Xinrong Zhuo
Fuzhou Haifeng Dafu Ocean Fishing Co., Ltd.	An affiliate company owned by Longfei Zhuo and Honghong Zhuo
Fujian Lutong Highway Engineering Construction Co., Ltd.	An affiliate company majority owned by Xiaojie Wu, brother-in-law of Xinrong Zhuo

17. RELATED PARTY TRANSACTIONS (…/Cont'd)

Name of related parties	Relationship
Fujian Haiyi International Shipping Agency Co., Ltd.	An affiliate company to which the Company acted as a trustee equity owner. Haiyi International is ultimately majority owned and controlled by Sunqiang Zhou
Fujian Xinnong Ocean Fisheries Development Co., Ltd.	An affiliate company to which the Company acted as a trustee equity owner. Xinnong is ultimately owned and controlled by Xiaojie Wu
Fuzhou Haoyouli Fisheries Development Co., Ltd.	An affiliate company to which the Company acted as trustee equity owner. Haoyouli is ultimately owned and controlled by Sunqiang Zhou
Fuzhou Honglong Ocean Fishery Co., Ltd. ("Hong Long")	An affiliate company majority owned and controlled by Ping Lin
Fujian Province Ocean Fishery Co., Ltd.	An affiliate company majority owned and controlled by Fuzhou Honglong Ocean Fishery Co., Ltd.
PT. Avona Mina Lestari	An affiliate company controlled by Xinrong Zhuo family domiciled in Indonesia, engaged in fishing base management and fishing vessel service
PT. Dwikarya Reksa Abadi	An affiliate company controlled by Xinrong Zhuo family domiciled in Indonesia, engaged in fishing base management and fishing vessel service
Haifeng Dafu Enterprise Company Limited	An affiliate company ultimately controlled by Xinrong Zhuo and domiciled in the Hong Kong Special Administrative Region of the PRC ("Hong Kong")
Hai Yi Shipping Limited	An affiliate company ultimately controlled by Xinrong Zhuo and domiciled in Hong Kong Administrative Region of the PRC ("Hong Kong")
China Communication Materials Central and South Co., Ltd.	An affiliate company majority-owned by Fujian Lutong Highway Engineering
Fujian International Trading and Transportation Co., Ltd.	An affiliate company owned by Yihai Investment and Longhao Zhuo, sibling of Xinrong Zhuo and a Family Member
Fuzhou Dongxing Longju Real Estate Co., Ltd.	An affiliate company owned by Xinrong Zhuo
Shenzhen Western Coast Fisherman Pier Co., Ltd.	An affiliate company owned by Xinrong Zhuo
Pingtan Heshun Fuel Co., Ltd.	An affiliate company under Xinrong Zhuo's common control
Fuzhou Hairong Trading Co., Ltd.	An affiliate company under Xinrong Zhuo's common control
Hong Fa Shipping Limited	An affiliate company ultimately owned by Xinrong Zhuo and domiciled in Hong Kong Administrative Region of the PRC ("Hong Kong")

Family Member: Pursuant to a Family Agreement executed on November 23, 2004, among Xinrong Zhuo and certain of his family members, Xinrong Zhuo is the sole decision maker of Pingtan Fishing and is responsible for all of Pingtan Fishing's operation and management, including financial management. The person who subjects to this Family Agreement is called Family Member.

(IN U.S. DOLLARS)

17. RELATED PARTY TRANSACTIONS (…/Cont'd)

Relatedparty transactions

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Service fee				
Hai Yi Shipping Limited (5)	$ 115,521	$ -	$ 230,912	$ -
Sale of frozen fish and other marine catches				
Shenzhen Western Coast Fisherman Pier Co., Ltd	$ -	$ 2,341,114	$ -	$ 10,305,654
Purchase of fuel, fishing nets and other on board consumables (1)				
PT. Avona Mina Lestari	$ -	$ 4,402,490	$ -	$ 11,616,440
Purchase of fuel, fishing nets and other on board consumables paid on behalf				
Fuzhou Honglong Ocean Fishery Co., Ltd.	$ 86,269	$ 419,909	$ 86,269	$ 1,018,331
Zhiyan Lin	33,980	-	33,980	-
Hong Fa Shipping Limited	22,312,040	-	38,551,680	-
	$ 22,432,289	$ 419,909	$ 38,671,929	$ 1,018,331
Purchase of vessel maintenance service (2)				
PT. Avona Mina Lestari	$ 1,233,220	$ 710,708	$ 2,320,509	$ 1,315,374
PT. Dwikarya Reksa Adadi	1,344,189	-	2,554,597	-
	$ 2,577,409	$ 710,708	$ 4,875,106	$ 1,315,374
Purchase of transportation service (2)				
Fuzhou Honglong Ocean Fishery Co., Ltd.	$ 5,145,545	$ -	$ 6,035,237	$ -
Haifeng Dafu Enterprise Company Limited	153,889	1,248,310	1,530,941	1,723,860
Hai Yi Shipping Limited	180,476	263,737	770,699	735,890
Hong Fa Shipping Limited	520,218	604,291	1,485,916	1,170,065
PT. Avona Mina Lestari	-	-	-	35,149
	$ 6,000,128	$ 2,116,338	$ 9,822,793	$ 3,664,964
Office rental				
Ping Lin (4)	$ 3,366	$ 3,417	$ 6,786	$ 6,795

(IN U.S. DOLLARS)

17. RELATED PARTY TRANSACTIONS (…/Cont'd)

Relatedparty transactions (…/Cont'd)

	For the Three Months Ended June 30, 2014	For the Three Months Ended June 30, 2013	For the Six Months Ended June 30, 2014	For the Six Months Ended June 30, 2013
Cold storage warehouse paid on behalf				
Fuzhou Honglong Ocean Fishery Co., Ltd.	$ 178,078	$ -	$ 358,974	$ -
Indonesia fleet vessel agency fee (3)				
PT. Avona Mina Lestari	$ 370,372	$ 172,595	$ 743,404	$ 345,037
PT. Dwikarya Reksa Abadi	325,927	-	654,189	-
	$ 696,299	$ 172,595	$ 1,397,593	$ 345,037
Crewmen compensation				
PT. Avona Mina Lestari	$ 857,270	$ -	$ 1,721,270	$ -
Indonesia fishing licenses paid on behalf (6)				
PT. Avona Mina Lestari	$ 421,921	$ 293,600	$ 846,865	$ 586,448
PT. Dwikarya Reksa Abadi	479,148	-	961,729	-
	$ 901,069	$ 293,600	$ 1,808,594	$ 586,448

(1) Fuel, fishing nets and other consumables were sold to Pingtan Fishing.

(2) Vessel maintenance and transportation services were charged to Pingtan Fishing at prices mutually agreed by the related parties and Pingtan Fishing.

(3) Pursuant to a Fishery Cooperative Agreement dated December 31, 2012 with one-year term, entered into between Pingtan Fishing and Avona, Pingtan Fishing is payable to Avona an annual agency fee, calculated at mutually agreed amount of $20,000, for the period from January 1, 2013 to December 31, 2013, Avona acts as an agent for each of Pingtan Fishing's fishing vessels. The agreement continues to be executed without disagreement from both parties.

(4) Pingtan Fishing entered into a three-year term office rental lease with Ping Lin on July 31, 2012. The annual lease is $13,574. On July 1, 2013, the Company entered into a service agreement with Hai Yi Shipping Limited that provided the Company a portion of use of premises located in Hong Kong as office, and clerical and administrative support and consultation services. The agreement will expire on December 31, 2014.

(5) On July 1, 2013, the Company entered into a service agreement with Hai Yi Shipping Limited that provided the Company a portion of use of premises located in Hong Kong as office, and clerical and administrative support and consultation services. The agreement will expire on December 31, 2014.

(6) Pingtan Fishing paid to Avona and PT. Dwikarya Reksa Abadi that acted as agencies on behalf of Pingtan Fishing to apply fishing licenses.

18. CERTAIN RISKS AND CONCENTRATIONS

Credit risk

As of June 30, 2014 and December 31, 2013, a substantial portion part of the Company's cash included bank deposits in accounts maintained within the PRC where there is currently no rule or regulation in place for obligatory insurance to cover bank deposits in the event of bank failure. However, the Company was not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts.

Major customers

During the three months ended June 30, 2014 and 2013, related company Shenzhen Western Coast Fisherman Pier Co., Ltd. accounted for 0% (2013: 11%) of the Company's revenue. During the six months ended June 30, 2014, related company Shenzhen Western Coast Fisherman Pier Co., Ltd. accounted for 0% (2013: 25%) of the Company's revenue. No customers accounted for over 10% of the Company's revenues for both the three and six months ended June 30, 2014 and 2013.

Major suppliers

During the three months ended June 30, 2014, two suppliers accounted for 65% (2013: 29%) of the Company's purchase. Related company PT. Avona Mina Lestari accounted for 7% (2013: 41%) of the Company's purchase.

During the six months ended June 30, 2014, two suppliers accounted for 68% (2013: 21%) of the Company's purchase. Related company PT. Avona Mina Lestari accounted for 7% (2013: 49%) of the Company's purchase.

19. COMMITMENTS AND CONTINGENCIES

The Company has employment agreements with certain employees that provided severance payments upon termination of employment under certain circumstances, as defined in the applicable agreements. As of June 30, 2014 and December 31, 2013, the Company's potential minimum cash obligation to these employees was approximately $10,064 and $10,059, respectively.

The Company entered into a service agreement with Hai Yi Shipping Limited that provided use of a portion of the premises, and to provide clerical, administrative support and consultation services upon the agreement expires on December 31, 2014. As of June 30, 2014 and December 31, 2013, the Company's potential minimum cash obligation to this agreement was approximately $231,091 and $461,961, respectively.

Pursuant to the Shares Purchase Agreement dated December 4, 2013 ("the Share Purchase Agreement"), where the Company exited and sold CDGC to Hong Long, the Company is required to indemnify Hong Long and the same indemnification responsibility applies to the Hong Long for the events arising out of any breach of the Share Purchase Agreement or the memorandum of agreement in relation to the sale, purchase and delivery of the vessels for two years until December 3, 2015 and would be liable for the full amount of damages that exceed $1,000,000. The amount of damage shall be the amount finally determined by a court of competent jurisdiction or appropriate governmental administrative agency, or the amount agreed to upon settlement in accordance with the terms of the Share Purchase Agreement.

(IN U.S. DOLLARS)

20. OPERATING LEASE COMMITMENT

On July 1, 2013, the Company entered into a service agreement with Hai Yi Shipping Limited that provided for the use of a portion of the premises, and to provide clerical, administrative support and consultation services. The service fee is approximately $116,000 and $231,000 for the three and six months ended June 30, 2014.

Pingtan Fishing leased office from Ping Lin. Pursuant to a rental agreement entered into on July 31, 2012 with three-year term, annual lease is $13,574. The total future minimum lease payments under non-cancellable operating leases with respect to service fee, cold storage warehouse and office as of June 30, 2014 were as follows:

	Service fee	Office rental	Total
For the years ended December 31,			
2014	$ 231,091	$ 6,770	$ 237,861
2015	-	7,899	7,899
	$ 231,091	$ 14,669	$ 245,760

The operating lease commitments below include both the related parties commitments and non-related parties commitments. The total future lease payments as of June 30, 2014 are summarized as follows:

	Service fee	Office rental	Total
Related parties commitments	$ 231,091	$ 14,669	$ 245,760
Non-related parties commitments	-	-	-
	$ 231,091	$ 14,669	$ 245,760

Rental expenses and service fee under operating leases for the three months ended June 30, 2014 and 2013 was $392,353 and $76,024 respectively, of which $296,695 and $3,417 are paid to the related parties (Note 17).

Rental expenses and service fee under operating leases for the six months ended June 30, 2014 and 2013 was $788,958 and $151,177 respectively, of which $596,672 and $6,795 are paid to the related parties (Note 17).

(IN U.S. DOLLARS)

21. CAPITAL COMMITMENT

In June 2014, Pingtan Fishing prepaid $22,252,016 to property developers to purchase commercial retail space located in Anhui and Hubei Province, PRC. The total considerations will be $26.8 million (RMB 166.2 million) and ownership will be transferred to Pingtan Fishing before December 31, 2014.

On June 12 2014, Pingtan Fishing incorporated a joint venture with two companies for the fishery processing purpose. Total registered capital of the joint venture is $161.2 million (RMB 1 billion) and Pingtan Fishing accounted for 35% of the total ownership. The Company has not contributed any of the registered capital and will contribute cash of $56.4 million (RMB 350 million) as of June 30, 2014

The Company had the following capital commitments as of June 30, 2014:

	Properties	Capital of joint venture	Total
For the years ended December 31,			
2014	$ 4,543,265	$ -	$ 4,543,265
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
Thereafter	-	56,418,854	56,418,854
	$ 4,543,265	$ 56,418,854	$ 60,962,119

(IN U.S. DOLLARS)

22. CONDENSED PARENT COMPANY FINANCIAL INFORMATION

For the purpose of preparing these supplemental condensed parent company (unconsolidated) financial statements, the Company records its investment in VIEs under the equity method of accounting as prescribed in ASC Topic 323, “Investments - Equity Method and Joint Ventures”. Such investment and long-term loans to VIEs are presented on the balance sheet as “Investments in VIEs” and the income of the VIEs is presented as “Equity in income of VIEs” on the statements of income.

These supplemental condensed parent company’s (unconsolidated) financial statements should be read in conjunction with the notes to the Company’s consolidated financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

As of June 30, 2014 and December 31, 2013, there were no material contingencies, significant provisions for long-term obligations, or guarantees of the Company, except as separately disclosed in the Company’s consolidated financial statements, if any.

CONDENSED BALANCE SHEETS

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Assets		
Cash	$ 298,102	$ 246,684
Prepaid expense	542	2,820
Other receivable	31	-
Investment in VIEs	76,793,801	38,446,318
Total current assets	77,092,476	38,695,822
Other assets		
Property, plant and equipment, net	25,818,577	26,347,285
Total assets	**$ 102,911,053**	**$ 65,043,107**

(IN U.S. DOLLARS)

22. CONDENSED PARENT COMPANY FINANCIAL INFORMATION (…/Cont'd)

	June 30, 2014 (As Restated)	December 31, 2013 (As Restated)
Liabilities and equity		
Current liabilities		
Accrued liabilities and other payable	$ 158,525	$ 201,672
Due to related parties	673,355	-
Total current liabilities	831,880	201,672
Shareholders' equity		
Total shareholders' equity	102,079,173	64,841,435
Total liabilities and equity	**$ 102,911,053**	**$ 65,043,107**

CONDENSED STATEMENTS OF INCOME

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (As Restated)	2013 (As Restated)	2014 (As Restated)	2013 (As Restated)
General and administrative expense	$ (704,537)	$ (709,292)	$ (1,049,840)	$ (773,179)
Other (expense) income	(134)	-	952	-
Equity in income of VIEs	15,547,032	26,407,142	39,279,965	40,144,322
Net income	**$ 14,842,361**	**$ 25,697,850**	**$ 38,231,077**	**$ 39,371,143**

CONDENSED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2014 (As Restated)	2013 (As Restated)
Net cash used in operating activities	$ (857,111)	$ (562,137)
Net cash (used in) provided by investing activities	(47,966)	64,000
Net cash provided by financing activities	956,495	498,137
Net increase in cash	51,418	-
Cash at the beginning of the period	246,684	-
Cash at the end of the period	**$ 298,102**	**$ -**

23. RESTATEMENT OF INTERIM FINANCIAL RESULTS

The Company's consolidated financial statements have been restated as of June 30, 2014, and for the three and six months ended June 30, 2014 and 2013. The Company incorrectly reflected certain balances of China Growth Equity Investments Ltd. in its consolidated financial statements at December 31, 2012 that should have been reflected as part of the recapitalization of the Company on the effective date of the share exchange agreement dated February 25, 2013. Accordingly, the Company amended its consolidated financial statements to reflect the historical consolidated financial statements of China Dredging Group Co., Ltd ("CDGC") and Merchant Supreme as the accounting acquirer prior to February 25, 2013 and the consolidated financial statements of PME, CDGC and Merchant Supreme and related subsidiaries for all periods subsequent to the effective date.

Additionally, the Company restated the following in its unaudited condensed consolidated financial statements as of June 30, 2014 and for the three and six months ended June 30, 2014 and 2013 to:

a) adjust the prepaid vessel rights to the historical cost of the vessels leased which is the historical cost of the 20 vessels on the books of Hong Long, to reflect the historical cost of the 20 leased vessels as a capital lease and reclassify such amounts to property, plant and equipment, to adjust the related depreciation and amortization expense, and to reflect any excess amounts paid for the leased operating rights as a capital distribution pursuant to ASC 805-50;
b) clarify certain disclosures related to the acquisition of 46 vessels from a related party in June 2013 and disclosure related to the acquisition of operating license rights to 20 vessels in December 2013 from a related party; and
c) record other miscellaneous adjustments such as the reclassification of certain balance sheets items and adjustment to adjust depreciation expense and accrue payroll and social insurance for some employee.

Accordingly, the Company's unaudited interim consolidated balance sheets at June 30, 2014, and the consolidated statements of income and comprehensive income for the three and six months ended June 30, 2014 and 2013, and consolidated statements of cash flows for the six months ended June 30, 2014 and 2013 have been restated herein. The effect of correcting these errors in the Company's (a) unaudited consolidated balance sheets at June 30, 2014; (b) unaudited consolidated statements of income and comprehensive income for the three and six months ended June 30, 2014 and 2013; and (c) unaudited consolidated statements of cash flows for the six months ended June 30, 2014 and 2013 are shown in the tables as follows:

(IN U.S. DOLLARS)

23. RESTATEMENT OF INTERIM FINANCIAL RESULTS (…/Cont'd)

Condensed consolidated balance sheet data:

	June 30, 2014		
	As Previously Filed	Adjustments to Restate	As Restated
Prepaid expense	$ 1,258,409	$ (353,625)	$ 904,784
Prepaid expense and deposits - related parties	832,684	(832,684)	-
Advance to suppliers	-	9,859	9,859
Other receivable	2,371	163,453	165,824
Total current assets	54,842,817	(1,012,997)	53,829,820
Other receivable	1,184,119	(1,184,119)	-
Prepaid fixed asset deposits	22,252,016	(22,252,016)	-
Prepayment for long-term assets	-	32,802,342	32,802,342
Prepaid operating license rights	211,059,322	(211,059,322)	-
Property, plant and equipment, net	103,970,136	16,923,661	120,893,797
Total other assets	341,850,724	(184,769,454)	157,081,270
Total assets	$ 396,693,541	$ (185,782,451)	$ 210,911,090
Accounts payable - related parties	$ 10,191,525	$ (1,012,996)	$ 9,178,529
Accrued liabilities and other payable	4,744,457	907,313	5,651,770
Due to related parties	-	673,355	673,355
Deferred grant income	1,691,598	(1,184,118)	507,480
Total current liabilities	65,103,144	(616,446)	64,486,698
Additional paid-in capital	-	117,525,377	117,525,377
Retained earnings (accumulated deficit)	235,342,599	(260,765,967)	(25,423,368)
Statutory reserve	22,410,773	(15,997,881)	6,412,892
Accumulated other comprehensive income - foreign currency translation adjustment	29,412,751	(25,927,534)	3,485,217
Total shareholders' equity	287,245,178	(185,166,005)	102,079,173
Total liabilities and shareholders' equity	$ 396,693,541	$ (185,782,451)	$ 210,911,090

(IN U.S. DOLLARS)

23. RESTATEMENT OF INTERIM FINANCIAL RESULTS (…/Cont'd)

Consolidated statements of income and comprehensive income data:

	For the three months ended June 30, 2014			For the three months ended June 30, 2013		
	As Previously Filed	Adjustments to Restate	As Restated	As Previously Filed	Adjustments to Restate	As Restated
Cost of revenue	$ (40,143,919)	$ 671,486	$ (39,472,433)	$ (12,235,475)	$ 485,836	$ (11,749,639)
General and administrative expense	(957,925)	159,356	(798,569)			
Interest income	5,747	(1)	5,746			
Interest expense	(1,036,260)	(240,518)	(1,276,778)	(710,365)	434,261	(276,104)
Foreign currency transaction loss	(234,401)	(68,449)	(302,850)			
Other income	-	252	252			
Income from continuing operations	14,320,235	522,126	14,842,361	7,018,635	920,097	7,938,732
Net income	$ 14,320,235	$ 522,126	$ 14,842,361	$ 24,777,753	$ 920,097	$ 25,697,850
Foreign currency translation adjustment	266,750	39,512	306,262	4,202,178	(31,253)	4,170,925
Basic and diluted earnings per share:						
From continuing operations	$ 0.18	$ 0.01	$ 0.19	$ 0.09	$ 0.01	$ 0.10

	For the six months ended June 30, 2014			For the six months ended June 30, 2013		
	As Previously Filed	Adjustments to Restate	As Restated	As Previously Filed	Adjustments to Restate	As Restated
Cost of revenue	$ (81,685,913)	$ 2,229,990	$ (79,455,923)	$ (26,527,609)	$ 124,892	$ (26,402,717)
Interest expense				(1,395,742)	685,957	(709,785)
Income from continuing operations	36,001,087	2,229,990	38,231,077	11,461,040	810,849	12,271,889
Net income	$ 36,001,087	$ 2,229,990	$ 38,231,077	$ 38,560,294	$ 810,849	$ 39,371,143
Basic and diluted earnings per share:						
From continuing operations	$ 0.46	$ 0.02	$ 0.48	$ 0.15	$ 0.01	$ 0.16
From discontinued operations				$ 0.34	$ 0.01	$ 0.35
Weighted average ordinary shares outstanding:						
Basic and diluted				79,055,053	(624,464)	78,430,589

(IN U.S. DOLLARS)

23. RESTATEMENT OF INTERIM FINANCIAL RESULTS (…/Cont'd)

Consolidated statements of cash flows data:

	For the six months ended June 30, 2014		
	As Previously Filed	Adjustments to Restate	As Restated
Net income from continuing operations	$ 36,001,087	$ 2,229,990	$ 38,231,077
Adjustments to reconcile net income from operations to net cash provided by operating activities:			
Depreciation	1,993,816	1,274,897	3,268,713
Amortization of operating license right	4,322,034	(4,322,034)	-
Changes in operating assets and liabilities:			
Other receivable	9,034	(163,858)	(154,824)
Prepaid expense	1,067,631	354,498	1,422,129
Prepaid expense - related parties	(834,743)	834,743	-
Advance to suppliers	-	(9,883)	(9,883)
Accounts payable - related parties	(3,290,557)	(1,015,501)	(4,306,058)
Accrued liabilities and other payable	(446,629)	1,181,621	734,992
Due to related parties	-	23,355	23,355
Net cash provided by operating activities from continuing operations	15,849,480	387,828	16,237,308
Purchase of property, plant and equipment	(595,233)	(177,935)	(773,168)
Net cash used in investing activities for continuing operations	(21,015,516)	(177,935)	(21,193,451)
Effect of exchange rate on cash and cash equivalents	(207,675)	(209,893)	(417,568)
Net increase (decrease) in cash and cash equivalents	$ 5,679,139	$ (207,675)	$ 5,471,464

(IN U.S. DOLLARS)

23. RESTATEMENT OF INTERIM FINANCIAL RESULTS (…/Cont'd)

Consolidated statements of cash flows data:

	For the six months ended June 30, 2013		
	As Previously Filed	Adjustments to Restate	As Restated
Net income from continuing operations	$ 11,461,040	$ 810,849	$ 12,271,889
Adjustment to reconcile net income from operations to net cash provided by operating activities:			
Depreciation	1,529,723	(919,047)	610,676
Net cash provided by operating activities from continuing operations	18,579,133	(108,198)	18,470,935
Cash acquired in recapitalization	-	3,565,355	3,565,355
Net cash provided by financing activities from continuing operations	196,208,151	3,565,355	199,773,506
Effect of exchange rate on cash and cash equivalents	1,617,223	108,198	1,725,421
Net (decrease) increase in cash and cash equivalents	(156,299,524)	5,182,578	(151,116,946)
Cash and cash equivalents – beginning of period	$ 175,488,715	$ (3,565,355)	$ 171,923,360

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to the "Company," "us" or "we" refer to Pingtan Marine Enterprise Ltd. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the condensed financial statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

All statements other than statements of historical fact included in this Form 10-Q/A including, without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. When used in this Form 10-Q/A, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or the Company's management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors detailed in our filings with the SEC. All subsequent written or oral forward-looking statements attributable to us or persons acting on the Company's behalf are qualified in their entirety by this paragraph.

Overview

We are a marine enterprises group primarily engaging in ocean fishing through our wholly-owned PRC operating subsidiary or VIE, Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd., or Pingtan Fishing. We harvest a variety of fish species with many of our owned or licensed vessels operating within the Indian Exclusive Economic Zone and the Arafura Sea of Indonesia. We provide high quality seafood to a diverse group of customers including distributors, restaurant owners and exporters in the PRC.

We currently operate 126 fishing vessels and is the second largest China based fishery company operating its vessels outside of China waters.

In June 2013, we expanded our fleet from 40 to 86 through a purchase of 46 fishing trawlers from a related party for a total consideration of $410.1 million. The transaction is subject to the receipt of government approvals; however we began operating the vessels in the third quarter of 2013 and since then we have been entitled to their net profits from their operation. These vessels are fully licensed to fish in Indonesian waters. Each vessel carries a crew of 10 to 15 persons. These vessels have resulted in additional carrying capacity of approximately 45,000 to 50,000 tons for us.

In September 2013, we further increased our fleet to 106 vessels with the addition of 20 newly-built fishing trawlers, which were initially ordered in September 2012. These vessels have an expected run-in period of 3 - 6 months, during which each is placed into the sea for testing prior to full operation. These vessels are fully licensed to fish in Indian and Indonesian waters. At full operation, each vessel is capable of harvesting 900 to 1,000 tons of fish. We expect that the expansions of our fleet will greatly increase our fish harvest volume and revenue.

Subsequent to our fleet expansions, in September 2013, the Ministry of Agriculture of the People's Republic of China ("MOA") issued a notification that it would suspend accepting shipbuilding applications for tuna harvesting vessels, squid harvesting vessels, Pacific saury harvesting vessels, trawlers operating on international waters, seine on international waters, and trawlers operating on the Arafura Sea, Indonesia. We believe the announcement is a positive indicator for long-term stability and balance in China's fishing industry. We believe that this has helped to ensure our fishing productivity in international waters, while also serving as a major barrier to entry for competitors in our industry and strengthening our competitive position in the markets.

On December 4, 2013, in connection with the sale of CDGC to Hong Long, we acquired 25-year operating license rights in connection with the lease of 20 fishing vessels for the appraised fair market value of approximately $216.1 million, whereby we are entitled to 100% of the operations and net profits (losses) from the vessels for the term of the lease. The 20 vessels were leased from Hong Long, a related party under common control. Accordingly, the transaction between us and Hong Long was accounted as a common control transaction pursuant to ASC 805-50 and it related subsections. Pursuant to ASC 805-50, we recorded the value of $26,435,403 as the cost of the vessels which was the net historical carrying amount recorded in Hong Long's books at the date of sale of CDGC to Hong Long. Pursuant to our analysis of ASB 840-10-25, we determined that the lease term is over 75% of the estimated economic life of the vessels and the present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 percent of the excess of the fair value of the leased property from Hong Long at lease inception. Additionally pursuant to ASB 840-10-25-26, leases between related parties shall be classified in accordance with the lease classification criteria of ASB 840-25. Accordingly, we treated the lease for the 20 vessels as a capital lease and recorded $26,435,403 in property and equipment which will be depreciated over the lease term.

In January 2014, we entered into a strategic cooperation framework agreement with China Co-op (Hainan) Industry Development Co., Ltd. As part of this agreement, the two companies will jointly construct a fish processing plant and our fishing products will then be sold to China Co-op's numerous supermarket locations across China. We believe this partnership will accelerate our progress to becoming a vertically integrated seafood provider and also enhances our market competitiveness as our products would reach to both inland and remote areas through China Co-op's massive sales network.

As of June 30, 2014, we own 104 trawlers and 2 drifters and have operating license rights to 20 drifters. Our fleet has an average useful life of approximately 16 years. These vessels are fully licensed to fish in Indonesian or Indian waters. Among the 126 fishing vessels, 114 of these vessels are operating in the Arafura Sea in Indonesia, and the remaining 12 vessels are operating in the Bay of Bengal in India.

Currently we catch nearly 30 different species of fish including ribbon fish, Indian white shrimp, croaker fish, pomfret, Spanish mackerel, conger eel, squid and red snapper. All of our catch is shipped back to China. Our fishing vessels transport frozen catch to a cold storage warehouse at nearby onshore fishing bases. We then arrange periodic charted transportation ships to deliver frozen stocks to its eight cold storage warehouses located in one of China’s largest seafood trading centers, Mawei Seafood Market in Fujian Province.

We derive our revenue primarily from the sales of frozen seafood products. We sell our products directly to customers including distributors, restaurant owners and exporters, and most of our customers have long-term and trustworthy cooperative relationship with us. Our existing customers also introduce new customers to us from time to time. Our operating results are subject to seasonal variations. Harvest volume is the highest in the fourth quarter of the year and harvest volumes in the second and third quarters are relatively low due to the spawn season of certain fish species, including ribbon fish, cuttlefish, butterfish, and calamari. Based on past experiences, demand for seafood products is the highest from December to January during Chinese New Year. We believe that our profitability and growth are dependent on our ability to expand the customer base. With the expansions of operating capacity and expected increases in harvest volume in the coming years, we will continue to develop new customers from existing and new territories in China.

Discontinued operations

In December 2013, we completed the sale of the China Dredging Group (‘‘CDGC’’) business, which has been reported as discontinued operations in the 2013 period, to Hong Long, a related party owned by the wife of our Chairman and CEO, Mr. Xinrong Zhuo. In exchange for (i) offset of our current $155.2 million 4% promissory note due to Hong Long matures on June 19, 2015; (ii) the assignment of the 25-year exclusive operating license rights for 20 new fishing vessels to us, with a fair market value of $216.1 million; and (iii) offset of PME’s current accounts payable due to CDGC with an amount of $172.5 million. In Connection with these 20 fishing vessels, Hong Long received subsidies from China’s central government budget in 2012, and a recent notification from the Government prohibits the sale or transfer of ownership for a period of 10 years for fishing vessels that have received such subsidies.

On December 3, 2013, the Board, excluding Mr. Zhuo and Mr. Lin approved moving forward with the sale and executed and closed the transaction. The total consideration for the transaction is approximately $543.8 million and a gain on sale of $117.5 million was recorded as an adjustment to our equity as it was sold to a related party under common control.

Significant Factors Affecting Our Results of Operations

- *Governmental Policies:* Fishing is a highly regulated industry and our operations require licenses and permits. Our ability to obtain, sustain or renew such licenses and permits on acceptable terms is subject to changes in regulations and policies and is at the discretion of the applicable governments. Our inability to obtain, or loss or denial of extensions, to any of its applicable licenses or permits could hamper our ability to generate revenues from its operations.

- *Resource & Environmental Factors:* Our fishing expeditions are based in India and Indonesia. Any earthquake, tsunami, adverse weather or oceanic conditions or other calamities in such areas may result in disruption to our operations and could adversely affect our sales. Adverse weather conditions such as storms, cyclones and typhoons or cataclysmic events may also decrease the volume of fish catches or may even hamper our operations. Our fishing volumes may also be adversely affected by major climatic disruptions such as El Nino, which in the past has caused significant decreases in seafood catch worldwide. Besides weather patterns, other unpredictable factors, such as fish migration, may also have impact our harvest volume.

- *Fluctuation on Fuel Prices:* Our operations may be adversely affected by fluctuations in fuel prices. Changes in fuel prices may ultimately result in increases in the selling prices of our products, and may, in turn, adversely affect our sales volume, revenue and operating profit.

- *Competition:* We engage in fishing business in the Arafura Sea in Indonesia and the Bay of Bengal in India. Competition within our dedicated fishing areas is not significant as the region is not overfished and regulated by the government, which limits the number of vessels that are allowed to fish in the territories. Competition in the market in China is high. We compete with other fishing companies which offer similar and varied products. There is significant demand for fish in the Chinese market. Our catch appeals to a wide segment of consumers because of the low price points of our products. We have been able to sell our catch at market prices and such market prices have been increasing significantly since 2012.

- *Fishing Licenses*: Each of our fishing vessels requires an approval from the Ministry of Agriculture of the People's Republic of China to carry out ocean fishing projects in foreign territories. These approvals are valid for a period of three to twelve months, and are awarded to us at no cost. We apply for the renewal of the approval prior to expiration to avoid interruptions of our fishing vessels' operations. Each of our fishing vessels operating in Indonesian waters requires a fishing license granted by the authority in Indonesia. Indonesian fishing licenses remain effective for a period of twelve months and we apply for renewal upon expiration. We record cost of Indonesian fishing licenses in prepaid expenses and amortize the cost over the effective period of the licenses.

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

We recognize revenue from sales of frozen fish and other marine catches when persuasive evidence of an arrangement exists, delivery has occurred, the price to the customer is fixed or determinable, and collection of the resulting receivable is reasonably assured.

With respect to the sales to third party customers the majority of whom are sole proprietor regional wholesalers in China, we recognize revenue when customers receive purchased goods at our cold storage warehouse, after payment is received or credit sale is approved for recurring customers with excellent payment histories.

We do not offer promotional payments, customer coupons, rebates or other cash redemption offers to customers. We do not accept returns from customers. Deposits or advance payments from customers prior to delivery of goods are recorded as advance from customers.

Cost of revenue

Our cost of revenue primarily consists of fuel costs, freight, direct labor costs, depreciation, maintenance fees and other overhead costs. Fuel costs generally accounted for the majority of our cost of revenue.

Gross profit

Our gross profit is affected primarily by changes in production cost. Fuel, freight and labor costs together account for about 83% of cost of revenue for the six months ended June 30, 2014. The fluctuation of fuel price and freight price may significantly affect our cost level and gross profit.

Selling expense

Our selling expense includes storage and shipping fees, insurance, traveling expense for our sales personnel and other miscellaneous expenses. Our sales activities are conducted through direct selling by our internal sales staff. Because of the strong demand for our products and services, we do not have to aggressively market and distribute our products, thus our selling expenses have been relatively small as a percentage of our revenue.

General and administrative expense

Our general and administrative expense includes compensation and related benefits, professional fees, travel and entertainment expense, business insurance, rental and related administrative service charge and other miscellaneous items related to our corporate administrative activities.

We expect that our general and administrative expense will increase as we incur significant costs associated with our public company reporting requirements, costs associated with newly applicable corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 and other rules implemented by the Securities and Exchange Commission.

Other income / expense

Other income / expense mainly include interest income from bank deposits, interest expenses of short-term and long-term borrowings, foreign currency transaction gain/loss, grant income, dividend income from cost-method investment and other miscellaneous income and expense, net.

Income tax

Under the current laws of the Cayman Islands and British Virgin Islands, we are not subject to any income or capital gains tax, and dividend payments we make are not subject to any withholding tax in the Cayman Islands or British Virgin Islands. Under the current laws of Hong Kong, we are not subject to any income or capital gains tax and dividend payments and are not subject to any withholding tax in Hong Kong.

Our VIE, Pingtan Fishing, is a qualified ocean fishing enterprise certified by the Ministry of Agriculture of the PRC. The qualification is renewed on April 1 each year. Pingtan Fishing is exempt from income tax derived from its ocean fishing operations in the periods it processes a valid Ocean Fishing Enterprise Qualification Certificate issued by the Ministry of Agriculture of the PRC.

In addition, Pingtan Fishing is not subject to foreign income taxes for its operations in India and Indonesia Exclusive Economic Zones.

Other comprehensive income

Our comprehensive income consists of net income and foreign currency translation adjustments. We translate our assets and liabilities of foreign operations at the rate of exchange in effect on the balance sheet date. We translate income and expenses at the average rate of exchange prevailing during the period. The related translation adjustments are reflected in "Accumulated other comprehensive income" in the equity section of our unaudited condensed consolidated balance sheets. Foreign currency gains and losses resulting from transactions are included in earnings.

Earnings per ordinary share

Income per ordinary share (basic and diluted) is based on the net income divided by the weighted average number of ordinary shares outstanding during each period. Ordinary share equivalents of approximately 9 million are not included in the calculation of diluted earnings per ordinary share if their effect would be anti-dilutive.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2014 COMPARED TO THREE MONTHS ENDED JUNE 30, 2013

Revenue

Revenue is derived from sales of aquatic products. Our top 6 species of fish sold including ribbon fish, Indian white shrimp, pomfret, croaker fish, red fish and mackerel together accounted for about 82.7% of revenue for the three months ended June 30, 2014. The table below sets forth more detail regarding the revenue breakdown by different species of fish:

(Amounts in thousands, except for percentage and per unit data)

	Three Months Ended June 30,							
	2014				2013			
	Revenue	Volume(KG)	Average price	% of Revenue	Revenue	Volume(KG)	Average price	% of Revenue
Ribbon fish	$ 21,673	8,090,283	$ 2.68	38.1%	$ 5,819	2,524,670	$ 2.30	27.2%
Indian white shrimp	12,010	1,395,830	8.60	21.1%	5,514	563,797	9.78	25.8%
Pomfret	7,200	3,310,840	2.17	12.7%	2,325	878,837	2.65	10.9%
Croaker fish	2,575	1,009,973	2.55	4.5%	2,317	1,025,579	2.26	10.9%
Red fish	1,920	511,188	3.76	3.4%	732	185,453	3.95	3.4%
Mackerel	1,664	570,688	2.92	2.9%	238	77,850	3.06	1.1%
Others	9,867	4,189,189	2.36	17.3%	4,417	1,505,369	2.93	20.7%
Total	$ 56,909	19,077,991	$ 2.98	100.0%	$ 21,362	6,761,555	$ 3.16	100.0%

Revenue in the three months ended June 30, 2014 increased by 166.4% to $56.9 million from $21.4 million in the three months ended June 30, 2013, primarily due to increase in sales volume as a result of the addition of 66 fishing vessels in June and September 2013, which were operating at full capacity in the current period; and the addition of the operating license rights of 20 new fishing vessels in December 2013, which began operating in the first quarter of 2014. Sales volumes in the second quarter of 2014 rose by 182.2% to 19,078 tons from 6,762 tons in the same period of 2013. Average unit selling prices decreased by 5.7% in the second quarter of 2014 compared to the same period of 2013. This was because in the second quarter of 2013, the scarcity of shrimps in Southeast Asia boosted the sales price of our Indian white shrimp, which returned to normal level in the current period.

Cost of Revenue and Gross Margin

The following tables set forth our cost of revenue and gross profit, both in amounts and as a percentage of revenue for the three months ended June 30, 2014 and 2013:

(Amounts in thousands, except for percentage)

	Three Months Ended June 30,					
	2014			2013		
	US$	% of COR	% of Revenue	US$	% of COR	% of Revenue
Fuel cost	$ 24,442	61.9%	42.9%	$ 7,657	65.2%	35.8%
Freight	4,531	11.5%	8.0%	1,641	14.0%	7.7%
Labor cost	3,645	9.2%	6.4%	872	7.4%	4.1%
Depreciation	1,813	4.6%	3.2%	182	1.5%	0.9%
Maintenance fee	2,412	6.1%	4.2%	624	5.3%	2.9%
Spare parts	1,113	2.8%	2.0%	354	3.0%	1.7%
License fee and agency fee	1,516	3.8%	2.7%	420	3.6%	2.0%
Total cost of revenue	$ 39,472	100.0%	69.4%	$ 11,750	100.0%	55.0%

Cost of revenue for the three months ended June 30, 2014 was $39.5 million, representing an increase of 235.9% as compared to $11.7 million in the same period of 2013. The increase was principally due to the increase in fuel cost for our fishing vessels of $16.8 million as a result of the fleet expansion. Freight, labor cost, depreciation and maintenance fee also increased which was in line with the increase in revenue.

	Three Months Ended June 30,				Percentage Change
	2014		2013		
	US$	% of revenue	US$	% of revenue	%
Revenue	$ 56,909	100.0%	$ 21,362	100.0%	166.4%
Cost of revenue	$ 39,472	69.4%	$ 11,750	55.0%	235.9%
Gross profit	$ 17,437	30.6%	$ 9,612	45.0%	81.4%

Gross margin decreased to 30.6% in the second quarter of 2014 from 45.0% in the same period of 2013, primarily due to decrease of 5.7% in average unit sales price. Gross profit for the second quarter of 2014 was $17.4 million, representing an increase of 81.4% as compared to $9.6 million in the same period of 2013 as a result of business expansion.

Selling, General and Administrative Expense

The following table sets forth selling, general and administrative (SG&A) expense and income from operations both in amounts and as a percentage of revenue for the three months ended June 30, 2014 and 2013:

(Amounts in thousands, except for percentage)

	Three Months Ended June 30,				Percentage Change
	2014		2013		
	US$	% of Revenue	US$	% of Revenue	%
Gross profit	$ 17,437	30.6%	$ 9,612	45.0%	81.4%
Operating Expenses:					
Selling expense					
Storage fee	(273)	(0.5)%	(73)	(0.3)%	274.0%
Transportation fee	(152)	(0.3)%	(32)	(0.1)%	375.0%
Insurance	(129)	(0.2)%	(37)	(0.2)%	248.6%
Other	(14)	-	(32)	(0.2)%	(56.3)%
Total selling expense	(568)	(1.0)%	(174)	(0.8)%	226.6%
General & administrative expense					
Legal and professional fees	(186)	(0.3)%	(258)	(1.2)%	(27.9)%
Salaries and staff welfare	(212)	(0.4)%	(113)	(0.5)%	87.6%
Service fee	(116)	(0.2)%	-	-	-
Other	(284)	(0.5)%	(495)	(2.3)%	(42.6)%
Total G&A expense	(798)	(1.4)%	(866)	(4.1)%	(7.8)%
Total SG&A expense	(1,366)	(2.4)%	(1,040)	(4.9)%	31.4%
Income from operations	$ 16,071	28.2%	$ 8,572	40.1%	87.5%

Total SG&A expenses increased by 31.4% to $1.4 million in the three months ended June 30, 2014 from $1.0 million in the same period of 2013. The increase in SG&A expenses was primarily attributable to higher selling expenses including storage and transportation fees, and salaries and staff welfare as a result of our expanded scale of operations. As a percentage of revenue, SG&A expenses were 2.4% in the six months ended June 30, 2014, compared to 4.9% in the same period of 2013.

Other Income/Expense

Net other expense increased by 93.7% to $1.2 million in the three months ended June 30, 2014 from $0.6 million in the same period of 2013. The increase was primarily driven by an increase in interest expense of approximately $1.0 million due to the increase in interest bearing bank loans, offset by a decrease in foreign currency transaction loss of approximately $0.1 million and an increase in investment income from cost-method investment of approximately $0.3 million. The investment income is distribution of earnings from our bank investment that in the form of cash are paid out of undistributed profits of fiscal year 2013.

Income Tax

We are exempted from income tax derived from our ocean fishing operations in PRC.

Net Income from Continuing Operations

(Amounts in thousands, except for percentage)

Three Months Ended June 30,					
2014			2013		
Revenue	Net income from continuing operations	Net margin	Revenue	Net income from continuing operations	Net margin
$ 56,909	$ 14,842	26.1%	$ 21,362	$ 7,939	37.2%

Net income from continuing operations for the three months ended June 30, 2014 was $14.8 million, or 26.1% of revenue, compared to $7.9 million, or 37.2% of revenue, in the same period of 2013.

Foreign Currency Translation Adjustment

During the three months ended June 30, 2014 and 2013, we recognized a foreign currency translation gain of $0.3 million and $4.2 million, respectively.

SIX MONTHS ENDED JUNE 30, 2014 COMPARED TO SIX MONTHS ENDED JUNE 30, 2013

Revenue

Revenue is derived from sales of aquatic products. Our top 6 species of fish sold including ribbon fish, Indian white shrimp, pomfret, croaker fish, threadfin and conger eel together accounted for about 81.1% of revenue for the six months ended June 30, 2014. The table below sets forth more detail regarding the revenue breakdown by different species of fish:

(Amounts in thousands, except for percentage and per unit data)

	Six Months Ended June 30,							
	2014				2013			
	Revenue	Volume(KG)	Average price	% of Revenue	Revenue	Volume(KG)	Average price	% of Revenue
Ribbon fish	$ 39,135	14,951,732	$ 2.62	31.9%	$ 13,616	7,025,914	$ 1.94	33.2%
Indian white shrimp	23,169	2,676,400	8.66	18.9%	8,192	1,089,118	7.52	20.0%
Pomfret	18,520	8,045,726	2.30	15.1%	3,829	1,663,842	2.30	9.3%
Croaker fish	10,754	4,079,034	2.64	8.8%	6,125	3,300,548	1.86	14.9%
Threadfin	4,102	1,368,188	3.00	3.3%	967	312,528	3.09	2.4%
Conger eel	3,624	1,481,386	2.45	3.1%	534	192,600	2.77	1.3%
Others	23,188	9,321,969	2.49	18.9%	7,769	2,704,769	2.87	18.9%
Total	$ 122,492	41,924,435	$ 2.92	100.0%	$ 41,032	16,289,319	$ 2.52	100.0%

Revenue in the six months ended June 30, 2014 increased by 198.5% to $122.5 million from $41.0 million in the six months ended June 30, 2013, primarily due to increase in sales volume as a result of the addition of 66 fishing vessels in June and September 2013, most of which were operating at full capacity in the first half of 2014; and the addition of the operating license rights of 20 new fishing vessels in December 2013, which began operating in the current period. Sales volumes in the six months ended June 30, 2014 rose by 157.4% to 41,924 tons from 16,289 tons in the same period of 2013. Average unit sales prices also increased by 15.9% in the six months ended June 30, 2014 compared to the same period of 2013, which was driven by the higher demand of natural seafood in China.

Cost of Revenue and Gross Margin

The following tables set forth our cost of revenue and gross profit, both in amounts and as a percentage of revenue for the six months ended June 30, 2014 and 2013:

(Amounts in thousands, except for percentage)

	Six Months Ended June 30,					
	2014			2013		
	US$	% of COR	% of Revenue	US$	% of COR	% of Revenue
Fuel cost	$ 49,049	61.7%	40.0%	$ 16,623	63.0%	40.5%
Freight	9,330	11.7%	7.6%	3,587	13.6%	8.7%
Labor cost	7,201	9.1%	5.9%	1,879	7.1%	4.6%
Depreciation	3,135	3.9%	2.6%	1,284	4.8%	3.1%
Maintenance fee	4,580	5.8%	3.7%	1,218	4.6%	3.0%
Spare parts	3,149	4.0%	2.6%	946	3.6%	2.3%
License fee and agency fee	3,012	3.8%	2.5%	866	3.3%	2.1%
Total cost of revenue	$ 79,456	100.0%	64.9%	$ 26,403	100.0%	64.3%

Cost of revenue for the six months ended June 30, 2014 was $79.5 million, representing an increase of 200.9% as compared to $26.4 million in the same period of 2013. The increase was principally due to the increase in fuel cost for our fishing vessels of $32.4 million as a result of the fleet expansion. Freight, labor cost, depreciation, maintenance fee, spare parts and license fee and agency fee also increased which was in line with the increase in revenue.

	Six Months Ended June 30,				Percentage
	2014		2013		Change
	US$	% of revenue	US$	% of revenue	%
Revenue	$ 122,492	100.0%	$ 41,032	100.0%	198.5%
Cost of revenue	$ 79,456	64.9%	$ 26,403	64.3%	200.9%
Gross profit	$ 43,036	35.1%	$ 14,629	35.7%	194.2%

Gross margin slightly decreased to 35.1% in the six months ended June 30, 2014 from 35.7% in the same period of 2013. Gross profit for the six months ended June 30, 2014 was $43.0 million, representing an increase of 194.2% as compared to $14.6 million in the same period of 2013 as a result of business expansion.

Selling, General and Administrative Expense

The following table sets forth selling, general and administrative (SG&A) expense and income from operations both in amounts and as a percentage of revenue for the six months ended June 30, 2014 and 2013:

(Amounts in thousands, except for percentage)

	Six Months Ended June 30,				Percentage
	2014		2013		Change
	US$	% of Revenue	US$	% of Revenue	%
Gross profit	$ 43,036	35.1%	$ 14,629	35.7%	194.2%
Operating Expenses:					
Selling expense					
Storage fee	(551)	(0.5)%	(144)	(0.4)%	282.6%
Transportation fee	(366)	(0.3)%	(82)	(0.1)%	346.3%
Insurance	(272)	(0.2)%	(37)	(0.1)%	635.1%
Other	(50)	-	(106)	(0.3)%	(52.8)%
Total selling expense	(1,239)	(1.0)%	(369)	(0.9)%	236.1%
General & administrative expense					
Legal and professional fees	(298)	(0.2)%	(472)	(1.2)%	(36.9)%
Salaries and staff welfare	(422)	(0.3)%	(138)	(0.3)%	205.8%
Service fee	(231)	(0.2)%	-	-	-
Other	(628)	(0.6)%	(557)	(1.3)%	12.7%
Total G&A expense	(1,579)	(1.3)%	(1,167)	(2.8)%	35.2%
Total SG&A expense	(2,818)	(2.3)%	(1,536)	(3.7)%	83.4%
Income from operations	$ 40,218	32.8%	$ 13,093	31.9%	207.2%

Total SG&A expense increased by 83.4% to $2.8 million in the six months ended June 30, 2014 from $1.5 million in the same period of 2013. The increase in SG&A expense was primarily attributable to higher selling expense including storage and transportation fees, and higher general and administrative expense including salaries and staff welfare as a result of our expanded scale of operations, as well as higher administrative costs associated with the company being a publicly listed company. As a percentage of revenue, SG&A expenses were 2.3% in the six months ended June 30, 2014, compared to 3.7% in the same period of 2013.

Other Income/Expense

Net other expense increased by 142.1% to $2.0 million in the six months ended June 30, 2014 from $0.8 million in the same period of 2013. The increase was primarily driven by an increase in interest expenses of approximately $1.7 million mainly due to the increase in interest bearing bank borrowings, and an increase in foreign currency transaction loss of approximately $0.2 million, offset by an increase in government grant income of approximately $0.5 million and an increase in investment income from cost-method investment of approximately $0.3 million. The investment income is distribution of earnings from our bank investment that in the form of cash are paid out of undistributed profits of fiscal year 2013.

Income Tax

We are exempted from income tax for income derived from our ocean fishing operations in PRC.

Net Income from Continuing Operations

(Amounts in thousands, except for percentage)

Six Months Ended June 30,					
2014			2013		
Revenue	Net income from continuing operations	Net margin	Revenue	Net income from continuing operations	Net margin
$ 122,492	$ 38,231	31.2%	$ 41,032	$ 12,272	29.9%

Net income from continuing operations for the six months ended June 30, 2014 was $38.2 million, or 31.2% of revenue, compared to $12.3 million, or 29.9% of revenue, in the same period of 2013.

Foreign Currency Translation Adjustment

During the six months ended June 30, 2014 and 2013, we recognized a foreign currency translation loss of $1.0 million and foreign currency translation gain of $5.8 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2014, we had total cash of $13.6 million, an increase of $5.4 million from $8.2 million at December 31, 2013. Approximately $13.5 million of cash was held by our Chinese subsidiaries and VIEs at June 30, 2014. Our intent is to permanently reinvest these funds in the PRC and we have no plans to repatriate these funds.

Our current assets totaled $53.8 million as of June 30, 2014 while our current liabilities totaled $64.5 million as of June 30, 2014. We have financed our activities to date primarily through cash generated from operating activities and loans from banks. We have long-term and trustworthy cooperative relationship with major commercial banks in Fujian Province and based on our experience, we did not encounter difficulties in obtaining new bank loans. We believe that our sources of funding will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months.

The following table summarizes our cash flows for each of the periods indicated:

(Amounts in thousands)

	Six Months Ended June 30,	
	2014	2013
Net cash provided by operating activities from continuing operations	$ 16,237	$ 18,471
Net cash used in investing activities for continuing operations	(21,193)	(221,702)
Net cash provided by financing activities from continuing operations	10,845	199,774
Net cash used in discontinued operations	-	(149,385)
Effect of exchange rate on cash and cash equivalents	(418)	1,725
Cash and cash equivalents at beginning of period	8,157	171,923
Cash and cash equivalents at end of period	$ 13,628	$ 20,806

Operating activities

For the six months ended June 30, 2014, cash provided by operating activities from continuing operations totaled $16.2 million as compared to $18.5 million in the same period of 2013, a decrease of $2.3 million.

- Net cash flow provided by operating activities from continuing operations for the six months ended June 30, 2014 primarily reflected net income of $38,231,000 and the add-back of non-cash item consisting of depreciation of $3,269,000, and changes in operating assets and liabilities primarily consisting of a decrease in prepaid expense of $1,422,000 and an increase in accrued liabilities and other payable of $735,000, offset primarily by an increase in accounts receivable of $16,402,000 mainly due to the significant increase in our sales revenue, an increase in other receivable of $155,000, an increase in inventories of $4,984,000, a decrease in accounts payable of $1,296,000, a decrease in accounts payable – related parties of $4,306,000 due to the payments made to our related parties in 2014 and a decrease in advance from customers of $291,000.

- Net cash flow provided by operating activities from continuing operations for the six months ended June 30, 2013 primarily reflected net income of $12,272,000 and the add-back of non-cash item consisting of depreciation of $611,000, and changes in operating assets and liabilities primarily consisting of a decrease in accounts receivable of $7,439,000, a decrease in other receivable of $275,000, a decrease in prepaid expense of $395,000, an increase in accounts payable of $2,612,000, an increase in accounts payable – related parties of $331,000, an increase in advance from customers of $358,000, an increase in accrued liabilities and other payable of $9,146,000, offset primarily by an increase in inventories of $2,025,000 and a decrease in advance from customers – related parties of $12,943,000.

Investment activities

Net cash flow used in investing activities for our continuing operations was $21,193,000 for the six months ended June 30, 2014 as compared to $221,702,000 for the six months ended June 30, 2013. During the six months ended June 30, 2014, we made the prepayments for commercial retail space purchase of $22,307,000 and made payments for purchase of property, plant and equipment of $773,000, offset by refund from fixed assets deposit of $1,887,000. During the six months ended June 30, 2013, we made payment for fishing vessels deposit of $200,000,000, and made payments for purchase of property, plant and equipment of $14,831,000, and made advance to related parties of $8,732,000, offset by proceeds from government grants for fishing vessels construction of $1,861,000.

Financing activities

Net cash flow provided by financing activities from continuing operations was $10,845,000 for the six months ended June 30, 2014 as compared to $199,774,000 for the six months ended June 30, 2013. During the six months ended June 30, 2014, we received proceeds from short-term bank loans of $29,525,000, and received proceeds from long-term bank loans of $3,717,000, and received advance from related parties of $650,000, offset by the repayments of short-term bank loans of $17,403,000, and repayments of long-term bank loans of $5,644,000. During the six months ended June 30, 2013, we received proceeds from short-term bank loans of $24,994,000, and received advance from related parties of $203,779,000, and acquired cash in recapitalization of $3,565,000, offset by the repayments of short-term bank loans of $30,681,000, and repayments of long-term bank loans of $1,885,000.

Off-Balance Sheet Arrangements

Guarantees and collateral provided to related parties

In October 2012, Pingtan Fishing entered into two pledge contracts with China Minsheng Banking Corp., Ltd. Pursuant to the terms of the pledge contracts, Pingtan Fishing assigned 10 fishing vessels, as collateral to secure Hong Long's long-term loans from the financial institution in amount of approximately $10.8 million, which are due on April 18, 2015. In addition to the collateral provided to Hong Long, Pingtan Fishing also guaranteed the repayment of $46.3 million for Hong Long's long-term loans.

In December 2013, Pingtan Fishing entered into a guarantee agreement with Ping An Bank Co., Ltd. Pursuant to the terms of the guarantee agreement, Pingtan Fishing provide maximum guarantees approximately of $8.3 million to Hong Long's credit line in amount of $16.5 million which is due on December 23, 2014.

As of the filing date of this Form 10-Q/A, Pingtan Fishing did not receive any demand from the lender that collateralized properties are intended to be disposed of or to make any payments under the guarantee.

Other arrangements

Pursuant to the Share Purchase Agreement dated December 4, 2013, where the Company exited and sold China Dredging Group Co., Ltd and its subsidiaries to Hong Long , the Company is required to indemnify Hong Long and the same indemnification responsibility applies to Hong Long breach for the events arriving out of any of the Share Purchase Agreement or the memorandum of agreement in relation to the sale, purchase and delivery of the vessels for two years until December 3, 2015 and would be liable for the full amount of damages that exceed $1 million. The amount of damage shall be the amount finally determined by a court of competent jurisdiction or appropriate governmental administrative agency, or the amount agreed to upon settlement in accordance with the terms of the Share Purchase Agreement.

Contractual Obligations

The Company has the following obligations as of June 30, 2014.

	Payments due by period				
Contractual Obligations	**Total**	**< 1 year**	**1 – 3 years**	**3 – 5 years**	**> 5 years**
Operating lease obligations					
- related party transactions	$ 245,760	$ 237,861	$ 7,899	$ -	$ -
Capital commitment					
- non-related party transactions	60,962,119	4,543,265	-	-	56,418,854
Term Loans					
- non-related party transactions	91,981,398	35,091,046	47,782,737	2,982,139	6,125,476
Total	$ 153,189,277	$ 39,872,172	$ 47,790,636	$ 2,982,139	$ 62,544,330

Operating lease obligations

We have entered into operating lease agreements for office premises, and for administrative support and consultation services with lease periods expiring primarily in 2014. We recognize the relevant expenses under such leases on a straight-line basis over the terms of the leases.

Capital commitment

In June 2014, we entered into three contracts to purchase shops located in Hubei Province and Anhui Province, the PRC. The total considerations are $26.8 million (RMB 166.2 million). We paid $22.3 million as a deposit to the property developers and the remaining amount will be settled when we have ownership of the properties before December 31, 2014.

In June 2014, we incorporated a joint venture with two companies for the processing purposes. Total registered capital of the joint venture is $161.2 million (RMB 1 billion) and we accounted for 35% of the total ownership and will inject $56.4 million (RMB 350 million).

Term loans

Term loan liabilities represent cash obligations recorded on our consolidated balance sheet. The amounts represent principal payments to be made over the lives of the loans.

Recent accounting pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company’s financial statements.

RESULTS OF DISCONTINUED OPERATIONS

THREE AND SIX MONTHS ENDED JUNE 30, 2013

During the year ended December 31, 2013, we decided to exit our dredging businesses (see *Note 2 — Discontinued Operations*) in order to increase the focus on the Company's core operations and to improve overall profitability. In addition, we established certain targets in the areas of internal control in order to enhance the Company's profitability profile. As a result of this business exit, we believe the Company is better positioned to achieve improved future financial results. The sale of our wholly owned subsidiary of CDGC is reflected as discontinued operations. Our operating results for the three and six months ended June 30, 2013 have been adjusted to properly reflect discontinued operations. The transaction involved no cash but the Company's $155.2 million, 4% promissory note due on June 19, 2015 was forgiven. We do not foresee any material impact on our liquidity and financial condition as a result of this disposal. We also do not anticipate any contingencies which would be required to accrue and include in our 2013 financials.

Revenue is derived from contract revenue of our dredging services. The table below sets forth more detail regarding the results of discontinued operations:

(Amounts in thousands, except for percentage)

	Three Months Ended June 30, 2013		Six Months Ended June 30, 2013	
	US$	**% of Revenue**	**US$**	**% of Revenue**
Revenue	$ 50,548	100.0%	$ 77,287	100.0%
Cost of revenue	(25,218)	(49.9)%	(41,241)	(53.4)%
Gross profit	25,330	50.1%	36,046	46.6%
Operating expenses				
Total general and administrative expenses	(2,309)	(4.6)%	(3,415)	(4.4)%
Operating income	23,021	45.5%	32,631	42.2%
Income before income taxes	23,032	45.6%	34,576	44.7%
Income taxes	(5,273)	(10.5)%	(7,477)	(9.6)%
Net income	$ 17,759	35.1%	$ 27,099	35.1%

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

Oil cost accounts for approximately 60% of our total cost of sales. We are primarily exposed to oil price volatility caused by supply conditions, political and economic variables and other unpredictable factors. We purchase oil used by our vessels at prevailing market prices. We do not have formal long-term purchase contracts with our suppliers and, therefore, we are exposed to the risk of fluctuating oil prices.

We did not have any commodity price derivatives or hedging arrangements outstanding at June 30, 2014 and did not employ any commodity price derivatives in the half year of 2014.

Foreign Currency Exchange Rate Risk

While our reporting currency is the USD, a significant portion of our consolidated revenues and consolidated costs and expenses are denominated in RMB. Furthermore, a significant portion of our assets are denominated in RMB. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in the exchange rate between USD and RMB.

The value of the RMB against the USD and other currencies is affected by, among other things, changes in the PRC's political and economic conditions. Since July 2005, the RMB has not been pegged to the USD. Although the People's Bank of China regularly intervenes in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the RMB may appreciate or depreciate significantly in value against the USD in the medium to long term. Moreover, it is possible that in the future, PRC authorities may lift restrictions on fluctuations in the RMB exchange rate and lessen intervention in the foreign exchange market.

If the RMB depreciates against the USD, the value of our RMB revenues, earnings and assets as expressed in our USD financial statements will decline. A 1% average appreciation (depreciation) of the RMB against the USD would increase (decrease) our comprehensive income by $1.4 million based on our revenues, costs and expenses, assets and liabilities denominated in RMB as of June 30, 2014. To date, we have not entered into any hedging transactions to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure at all.

Interest Rate Risk

We are exposed to interest rate risk arising from short-term and long-term variable rate borrowings from time to time. Our future interest expense will fluctuate in line with any change in our borrowing rates. Our bank borrowings amounted to $92 million as of June 30, 2014. Based on the variable nature of the underlying interest rate, the bank borrowings approximated fair value at that date.

A hypothetical 100 basis point change in interest rates would impact our earnings and cash flows by approximately seventy-two thousand dollars. The potential change in cash flows and earning is calculated based on the change in the net interest expense over a six month period due to an immediate 100 basis point change in interest rates.

Inflation Risk

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of total revenues if the selling prices of our products do not increase with these increased costs.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act of 1934, as amended (“Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to management, including the principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

In connection with the preparation of the quarterly report on Form 10-Q for the quarter ended June 30, 2014, our management, including our principal executive officer and principal financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures, which are defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation, management concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2014.

Changes in Internal Control over Financial Reporting

As disclosed in the annual report for the year ended December 31, 2013 and the quarterly report for the quarter ended March 31, 2014, our management evaluated and concluded that our internal control over financial reporting was not effective as of December 31, 2013 and March 31, 2014, due to the identification of a material weakness. The material weakness we identified was that none of our employees had any formal training in U.S. GAAP and SEC rules and regulations.

In response to the identified material weakness, our management, with oversight from our audit committee, has dedicated significant resources to improve our control environment and to remedy the identified material weakness.

On April 18, 2013, we appointed Mr. Roy Yu as Chief Financial Officer of the Company. Mr. Yu has over 9 years' experience in senior management roles in U.S. listed companies and served as Chief Financial Officer or senior financial executive for three companies. Prior to joining the Company, Mr. Yu served as the Chief Financial Officer of Lihua International, Inc. (NASDAQ: LIWA). Mr. Yu attended London Southbank University from 2001 to 2004, where he holds a degree in accounting and finance. In 2005, Mr. Yu was trained in Sarbanes-Oxley Act compliance. On May 6, 2013, the Company appointed Mr. Lam Man Fung as Financial Controller of the Company. Prior to joining the Company, Mr. Lam served as Financial Controller of Shouguang Dili Agri-products Group Company Limited. From 2005 to 2009, Mr. Lam was a senior auditor of Ernst & Young. Management believes Mr. Yu and Mr. Lam has brought to the Company necessary professional knowledge and has lead the Company in taking remediation steps necessary to address the material weakness described above, regarding that none of the Company's employees had any formal training in U.S. GAAP and SEC rules and regulations. On May 16, 2013, the Company appointed an independent compliance consultant of the Company to review and advise on the Company's system of internal control over financial reporting pursuant to the Section 404 requirements of the Sarbanes-Oxley. We have taken further steps to improve our internal control over financial reporting. We have engaged a PCAOB registered and inspected public accounting firm in the United States to provide consulting services to us in matters involving U.S. GAAP and SEC rules and regulations. During the first half of 2014, we also have also expanded our internal control functions by hiring more experienced staff and implemented additional financial and management control procedures. In June 2014, we engaged an external consultant to advise on our internal control systems and to provide U.S. GAAP training to our accounting, internal audit and finance staff. Our staff was trained in regulations regarding financial statement disclosures, differences between U.S. GAAP and PRC GAAP, and the 2013 COSO framework.

We believe that our remediation measures and our continuing plan have significantly remediated the material weakness and management concluded that we have effective internal control over financial reporting as of June 30, 2014.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this report are any of the risks described in Annual Report on Form 10-K/A for the fiscal year ended December 31, 2013 filed with the SEC. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. As of the date of this Report, there have been no material changes to the risk factors disclosed in Annual Report on Form 10-K/A for the fiscal year ended December 31, 2013, except we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q/A.

Exhibit	
31.1*	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).
31.2*	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).
32*	Certification of the Chief Executive Officer and Chief Financial Officer required by Rule 13a-14(b) or Rule 15d- 14(b) and 18 U.S.C. 1350.
101.INS**	XBRL INSTANCE DOCUMENT
101.SCH**	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
101.CAL**	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT
101.DEF**	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT
101.LAB**	XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT
101.PRE**	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT

* Filed herewith

** Furnished herewith

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PINGTAN MARINE ENTERPRISE LTD.
(Registrant)

Date: December 4, 2014	By:	/s/ Xinrong Zhuo Xinrong Zhuo Chairman and Chief Executive Officer
Date: December 4, 2014	By:	/s/ Roy Yu Roy Yu Chief Financial Officer

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Xinrong Zhuo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A (the "report") of Pingtan Marine Enterprise Ltd.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 4, 2014

By: /s/ Xinrong Zhuo
Xinrong Zhuo
Chairman and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Roy Yu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A (the "report") of Pingtan Marine Enterprise Ltd;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 4, 2014

By: /s/ Roy Yu
Roy Yu
Chief Financial Officer

Exhibit 32

Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

The undersigned, Xinrong Zhuo and Roy Yu, in their capacities as Chief Executive Officer and Chief Financial Officer, respectively, of Pingtan Marine Enterprise Ltd. (the "Registrant") do each hereby certify with respect to the Quarterly Report on Form 10-Q/A of the Registrant for the period ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that, to the best of his knowledge:

(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant as of, and for, the periods presented in this Report.

Date: December 4, 2014

/s/ Xinrong Zhuo
Xinrong Zhuo
Chairman and Chief Executive Officer

Date: December 4, 2014

/s/ Roy Yu
Roy Yu
Chief Financial Officer