

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

Unaudited Financial Statement for the Third Quarter and Nine Months Ended 28 June 2014

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

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

The reporting currency of the Group is in Hong Kong dollars (HK\$). A Singapore Dollar equivalent of the financial statements in respect of items 1a, 1b, 6 & 7 for the Group is provided under item 15 Supplementary Notes as additional information for investors in Singapore.

Income Statement for the third quarter and nine months ended 28 June 2014

	Group					
	Third quarter ended		Increase/ (decrease) %	Nine months ended		Increase/ (decrease) %
	29.03.2014 to 28.06.2014 HK\$'000	29.03.2013 to 28.06.2013 HK\$'000		29.09.2013 to 28.06.2014 HK\$'000	29.09.2012 to 28.06.2013 HK\$'000	
Revenue	2,195,922	2,287,659	(4.0)	6,855,899	7,156,740	(4.2)
Cost of sales	(1,729,709)	(1,895,869)	(8.8)	(5,491,513)	(5,953,823)	(7.8)
Gross profit	466,213	391,790	19.0	1,364,386	1,202,917	13.4
Other operating income	354,760	76,101	366.2	578,938	387,327	49.5
Selling and distribution expenses	(59,280)	(38,450)	54.2	(163,979)	(199,982)	(18.0)
Administrative expenses	(75,233)	(63,944)	17.7	(228,191)	(162,836)	40.1
Other operating expenses	-	(57,594)	(100.0)	(50,350)	(71,833)	(29.9)
Finance costs	(208,521)	(148,941)	40.0	(634,657)	(435,276)	45.8
	477,939	158,962	200.7	866,147	720,317	20.2
Share of results of associates	(81)	(161)	(49.7)	35,125	28,876	21.6
Profit before income tax	477,858	158,801	200.9	901,272	749,193	20.3
Income tax (expense) benefit	(36,090)	(12,378)	191.6	(67,630)	94,427	(171.6)
Profit for the period	441,768	146,423	201.7	833,642	843,620	(1.2)
Profit attributable to:						
Owners of the Company	373,029	102,546	263.8	650,914	623,685	4.4
Non-controlling interests	68,739	43,877	56.7	182,728	219,935	(16.9)
	441,768	146,423	201.7	833,642	843,620	(1.2)

Consolidated Statement of Comprehensive Income

	Group					
	Third quarter ended		Increase/ (decrease)	Nine months ended		Increase/ (decrease)
	29.03.2014 to 28.06.2014	29.03.2013 to 28.06.2013		29.09.2013 to 28.06.2014	29.09.2012 to 28.06.2013	
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	441,768	146,423	201.7	833,642	843,620	(1.2)
Other comprehensive income:						
Exchange difference on translation of the Group's overseas operations	13,725	-	NM	6,031	395	1426.8
Gain on revaluation of property, plant and equipment	-	-	NM	3,325	2,250	47.8
Fair value change of available-for-sale investments	77,673	34,499	125.1	74,391	49,725	49.6
Total comprehensive income for the period	533,166	180,922	194.7	917,389	895,990	2.4
Total comprehensive income attributable to:						
Owners of the Company	460,325	122,621	275.4	732,541	655,063	11.8
Non-controlling interests	72,841	58,301	24.9	184,848	240,927	(23.3)
	533,166	180,922	194.7	917,389	895,990	2.4

	Group					
	Third quarter ended		Increase/ (decrease)	Nine months ended		Increase/ (decrease)
	29.03.2014 to 28.06.2014	29.03.2013 to 28.06.2013		29.09.2013 to 28.06.2014	29.09.2012 to 28.06.2013	
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Other operating income including interest income	354,760	76,101	366.2	578,938	387,327	49.5
Interest on borrowings	(208,521)	(148,941)	40.0	(634,657)	(435,276)	45.8
Amortisation of prepayment to suppliers	-	(59,410)	(100.0)	(108,143)	(178,230)	(39.3)
Depreciation	(164,778)	(182,334)	(9.6)	(524,867)	(543,141)	(3.4)
Impairment loss on property, plant and equipment	-	-	NM	(31,192)	-	NM
Loss on disposal of property, plant and equipment	(2,683)	-	NM	(4,048)	-	NM
Fair value changes of derivative financial instrument	27,495	(49,333)	(155.7)	19,640	138,371	(85.8)
Foreign exchange gains, net	50,834	71,818	(29.2)	150,264	130,104	15.5
Gain on disposal of interest in an associate (Note 1)	241,881	-	NM	241,881	-	NM

Notes:

(1) Gain on disposal of interest in associate represents the disposal of 18.09% equity interest in Tassal Group Limited in May 2014.

(2) A substantial portion of the profit of the Company and its subsidiaries ("Group") neither arises in, nor is derived from any tax jurisdictions and consequently is not subject to tax.

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

	Group		Company	
	28.06.2014 HK\$'000	28.09.2013 HK\$'000	28.06.2014 HK\$'000	28.09.2013 HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	5,198,899	5,300,991	-	-
Investment properties	53,026	52,135	-	-
Goodwill	2,952,461	2,952,461	-	-
Prepayment to suppliers	479,896	1,786,916	-	-
Available-for-sale investments	211,651	25,393	-	-
Interests in subsidiaries	-	-	6,308,938	5,874,373
Interests in associates	1,471	542,615	-	-
Other intangible assets	9,539,557	9,539,557	-	-
	<u>18,436,961</u>	<u>20,200,068</u>	<u>6,308,938</u>	<u>5,874,373</u>
CURRENT ASSETS				
Inventories	1,624,416	923,785	-	-
Trade and bills receivables	1,975,089	1,832,860	-	-
Other receivables and prepayments	7,199,751	7,320,136	-	-
Current portion of prepayment to suppliers	936,000	205,123	-	-
Advances to suppliers	315,900	315,900	-	-
Interests in subsidiaries	-	-	-	731,044
Prepaid income tax	52,776	99,513	-	-
Pledged deposits	95	111	-	-
Bank balances and cash	1,113,829	615,771	784	841
	<u>13,217,856</u>	<u>11,313,199</u>	<u>784</u>	<u>731,885</u>
CURRENT LIABILITIES				
Trade and other payables	405,530	308,082	10	15,832
Income tax payable	67,447	22,057	-	-
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	2,664	5,371	-	-
Derivative financial instruments	35,072	54,712	-	2,760
Bonds	-	721,476	-	721,476
Bank advances drawn on bills	-	7,060	-	-
Current portion of finance leases	10,013	30,151	-	-
Current portion of interest-bearing bank borrowings	6,340,562	7,897,734	-	-
	<u>6,861,288</u>	<u>9,046,643</u>	<u>10</u>	<u>740,068</u>
NET CURRENT ASSETS (LIABILITIES)	<u>6,356,568</u>	<u>2,266,556</u>	<u>774</u>	<u>(8,183)</u>
NON-CURRENT LIABILITIES				
Finance leases	-	3,666	-	-
Interest-bearing bank borrowings	3,261,820	1,557,980	-	-
Long term payables	195,686	237,011	-	-
Senior notes	4,095,143	4,080,896	-	-
Deferred tax liabilities	2,391,781	2,474,198	-	-
	<u>9,944,430</u>	<u>8,353,751</u>	<u>-</u>	<u>-</u>
NET ASSETS	<u>14,849,099</u>	<u>14,112,873</u>	<u>6,309,712</u>	<u>5,866,190</u>
CAPITAL AND RESERVES				
Share capital	1,325,005	1,325,005	1,325,005	1,325,005
Reserves	9,729,760	9,078,936	4,984,707	4,541,185
Attributable to owners of the Company	<u>11,054,765</u>	<u>10,403,941</u>	<u>6,309,712</u>	<u>5,866,190</u>
Non-controlling interests	3,794,334	3,708,932	-	-
TOTAL EQUITY	<u>14,849,099</u>	<u>14,112,873</u>	<u>6,309,712</u>	<u>5,866,190</u>

Note: Prepayment to suppliers represent the prepayment made by China Fisheries International Limited (“CFIL”), a wholly-owned subsidiary of China Fishery Group Limited (“CFGL”), for the fish harvested by contract vessels that supply to CFIL.

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

Amount repayable in one year or less, or on demand

As at 28.06.2014		As at 28.09.2013	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
870,925	5,479,650	203,447	8,452,974

Amount repayable after one year

As at 28.06.2014		As at 28.09.2013	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
-	7,356,963	3,666	5,638,876

Details of any collateral

Certain of the office premises and fishing vessels in Peru of the Group are held under finance leases with net carrying value of approximately HK\$24.2 million (28.09.2013: HK\$26.4 million).

The inventory loans of Peruvian subsidiaries of CFGL are pledged by its fishmeal inventories in Peru with net carrying value of approximately HK\$543.7 million (28.09.2013: HK\$63.9 million).

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

	Third quarter ended		Nine months ended	
	29.03.2014 to 28.06.2014 HK\$'000	29.03.2013 to 28.06.2013 HK\$'000	29.09.2013 to 28.06.2014 HK\$'000	29.09.2012 to 28.06.2013 HK\$'000
Operating activities				
Profit before income tax	477,858	158,801	901,272	749,193
Adjustments for:				
Share of results of associates	81	161	(35,125)	(28,876)
Interest expense	208,521	148,941	634,657	435,276
Interest income	-	(464)	(10)	(610)
Amortisation of prepayment to suppliers	-	59,410	108,143	178,230
Depreciation	164,778	182,334	524,867	543,141
Impairment loss on property, plant and equipment	-	-	31,192	-
Loss on disposal of property, plant and equipment	2,683	-	4,048	-
Gain on disposal of interest in an associate	(241,881)	-	(241,881)	-
Fair value changes of available-for-sale investment	(1,957)	27,662	936	30,443
Fair value changes of derivative financial instruments	(27,495)	49,333	(19,640)	(138,871)
Fair value changes of investment properties	-	-	(1,277)	625
Operating cash flows before movements in working capital	582,588	626,178	1,907,182	1,768,551
Inventories	159,596	294,367	(700,631)	640,040
Trade and bills receivables, other receivables and prepayments	(540,427)	(412,748)	(21,844)	2,213,880
Trade and other payables	(32,807)	63,082	(44,821)	(51,078)
Cash generated from operations	168,950	570,879	1,139,886	4,571,393
Interest paid	(115,789)	(144,040)	(537,406)	(408,667)
Income tax (paid) refund	(15,083)	(9,176)	(41,873)	4,341
Net cash from operating activities	38,078	417,663	560,607	4,167,067
Investing activities				
Interest received	-	464	10	610
Proceeds on disposal of available-for-sale investments	4,097	-	10,075	7,740
Proceeds on disposal of interest in an associate	690,822	-	690,822	-
Proceeds on disposal of property, plant and equipment	-	-	10,872	-
Dividend received from an associate	-	-	12,136	10,213
Repayment from (additions to) prepayment to suppliers	468,000	-	468,000	(1,170,000)
Deposit paid for acquisition	-	(39,000)	-	(39,000)
Purchase of property, plant and equipment	(261,506)	(26,134)	(461,212)	(115,081)
Purchase of available-of-sale investments	(2,571)	-	(7,686)	(531,098)
Net cash outflow arising on acquisition of additional interests in subsidiaries	-	(19,087)	(55,603)	(19,087)
Net cash from (used in) investing activities	898,842	(83,757)	667,414	(1,855,703)
Financing activities				
Dividend paid	-	-	(88,386)	(90,083)
Dividend paid to non-controlling shareholders	-	-	(37,174)	(36,636)
Proceeds from issue of rights issue	-	661,905	-	661,905
Redemption of bonds	(710,938)	-	(710,938)	-
Net cash repayment to Pacific Andes International Holdings Limited and its subsidiaries	(1,470)	(1,070)	(2,707)	(119)
Bank advances drawn on bills repaid	-	-	(7,060)	-
Finance leases repaid	(8,097)	(7,463)	(23,804)	(21,939)
Net bank borrowings raised (repaid)	497,364	(346,714)	154,445	(601,327)
Decrease in pledged deposits	-	195	16	96
Net cash (used in) from financing activities	(223,141)	306,853	(715,608)	(88,103)
Exchange difference arising on consolidation	(18,025)	-	(6,578)	-
Net increase in cash and cash equivalents	713,779	640,759	512,413	2,223,261
Cash and cash equivalents at beginning of the period	418,075	2,020,014	607,994	437,512
Cash and cash equivalents at end of the period	1,113,829	2,660,773	1,113,829	2,660,773
Bank balances and cash	1,113,829	2,667,952	1,113,829	2,667,952
Bank overdrafts	-	(7,179)	-	(7,179)
	1,113,829	2,660,773	1,113,829	2,660,773

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

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Properties revaluation reserve HK\$'000	Currency exchange translation reserve HK\$'000	Retained earnings HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Group									
Balance at 28 September 2012	1,325,005	4,318,455	279,908	-	52,841	(4,529)	3,715,814	2,740,977	12,428,471
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(36,636)	(36,636)
Final dividend of 0.30 Singapore cent per ordinary share in respect of year ended 28.09.2012	-	-	-	-	-	-	(90,083)	-	(90,083)
Total comprehensive income for the period	-	-	-	8,819	2,089	395	521,139	182,626	715,068
Balance at 28 March 2013	1,325,005	4,318,455	279,908	8,819	54,930	(4,134)	4,146,870	2,886,967	13,016,820
Issue of shares by a subsidiary	-	-	-	-	-	-	-	661,905	661,905
Total comprehensive income for the period	-	-	-	20,075	-	-	102,546	58,301	180,922
Balance at 28 June 2013	<u>1,325,005</u>	<u>4,318,455</u>	<u>279,908</u>	<u>28,894</u>	<u>54,930</u>	<u>(4,134)</u>	<u>4,249,416</u>	<u>3,607,173</u>	<u>13,859,647</u>
Balance at 28 September 2013	1,325,005	4,318,455	279,908	3,282	60,573	13,731	4,402,987	3,708,932	14,112,873
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(37,174)	(37,174)
Non-controlling interests arising from acquisition of additional interest in subsidiaries	-	-	6,669	-	-	-	-	(62,272)	(55,603)
Final dividend of 0.30 Singapore cent per ordinary share in respect of year ended 28.09.2013	-	-	-	-	-	-	(88,386)	-	(88,386)
Total comprehensive income for the period	-	-	-	(3,282)	2,214	(4,601)	277,885	112,007	384,223
Balance at 28 March 2014	1,325,005	4,318,455	286,577	-	62,787	9,130	4,592,486	3,721,493	14,315,933
Total comprehensive income for the period	-	-	-	77,673	-	9,623	373,029	72,841	533,166
Balance at 28 June 2014	<u>1,325,005</u>	<u>4,318,455</u>	<u>286,577</u>	<u>77,673</u>	<u>62,787</u>	<u>18,753</u>	<u>4,965,515</u>	<u>3,794,334</u>	<u>14,849,099</u>

	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Company				
Balance at 28 September 2012	1,325,005	4,318,455	265,773	5,909,233
Final dividend of 0.30 Singapore cent per ordinary share in respect of year ended 28.09.2012	-	-	(90,083)	(90,083)
Total comprehensive income for the period	-	-	8,620	8,620
Balance at 28 March 2013	1,325,005	4,318,455	184,310	5,827,770
Total comprehensive income for the period	-	-	5,789	5,789
Balance at 28 June 2013	1,325,005	4,318,455	190,099	5,833,559
Balance at 28 September 2013	1,325,005	4,318,455	222,730	5,866,190
Final dividend of 0.30 Singapore cent per ordinary share in respect of year ended 28.09.2013	-	-	(88,386)	(88,386)
Total comprehensive income for the period	-	-	517,019	517,019
Balance at 28 March 2014	1,325,005	4,318,455	651,363	6,294,823
Total comprehensive income for the period	-	-	14,889	14,889
Balance at 28 June 2014	1,325,005	4,318,455	666,252	6,309,712

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

There were no shares issued during the third quarter ended 28 June 2014 (Third quarter ended 28 June 2013: no shares issued)

The Company did not make any purchases of its shares during the third quarter ended 28 June 2014 (Third quarter ended 28 June 2013: Nil).

Save as disclosed above, the Company did not have any outstanding convertibles and treasury shares as at 28 June 2014 (28.06.2013: Nil).

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

The total number of issued shares excluding treasury shares as at the end of the current financial period is 4,790,992,338 shares (28.09.2013: 4,790,992,338 shares).

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

Not applicable.

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

The figures have not been audited nor reviewed by the Company's auditors.

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

Not applicable.

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

The accounting policies and method of computation adopted are consistent with those applied in the audited financial statements for the year ended 28 September 2013.

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

Not applicable.

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

Earnings per ordinary share	Group			
	Third quarter ended		Nine months ended	
	29.03.2014 to 28.06.2014	29.03.2013 to 28.06.2013	29.09.2013 to 28.06.2014	29.09.2012 to 28.06.2013
(i) Based on weighted average number of ordinary shares in issue	HK 7.79 cents	HK 2.14 cents	HK 13.59 cents	HK 13.02 cents
Weighted average number of ordinary shares used in calculation of basic earnings per share	4,790,992,338	4,790,992,338	4,790,992,338	4,790,992,338
(ii) Based on a fully diluted basis	HK 7.79 cents	HK 2.14 cents	HK 13.59 cents	HK 13.02 cents
Weighted average number of ordinary shares used in calculation of diluted earnings per share	4,790,992,338	4,790,992,338	4,790,992,338	4,790,992,338

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

Net asset backing per ordinary share based on existing issued share capital as at the end of period reported on	Group		Company	
	28.06.2014	28.09.2013	28.06.2014	28.09.2013
	HK\$2.31	HK\$2.17	HK\$1.32	HK\$1.22

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

Income Statement

3QFY2014 (3 months ended 28 June 2014) vs 3QFY2013 (3 months ended 28 June 2013)

Group revenue decreased by 4.0% from HK\$2,287.7 million to HK\$2,195.9 million, due mainly to lower contributions from the Frozen Fish Supply Chain Management ("SCM") Division.

Revenue from the Frozen Fish SCM Division, which accounted for 45.0% of total revenue, decreased by 10.2% from HK\$1,099.0 million to HK\$987.1 million, mainly attributable to lower sales volume.

Revenue from the Fishery and Fish Supply Division, which accounted for 55.0% of total revenue, increased by 1.7% from HK\$1,188.6 million to HK\$1,208.8 million. This was primarily attributed to contribution from the enlarged Peruvian Fishmeal Operations. However, the growth was partially offset by the drop in sales from the Contract Supply Business.

By market, the People's Republic of China ("PRC") remained the Group's most important market with sales of HK\$1,468.5 million, accounting for 66.9% of total revenue. Sales to Europe amounted to HK\$343.2 million, accounting for 15.6% of total revenue, and East Asia accounted for 10.6% of total revenue at HK\$231.6 million. Sales to South America accounted for 3.2% of total revenue at HK\$70.5 million. Africa and other markets accounted for the remaining 3.7% or HK\$82.1 million of total revenue.

Gross profit increased by 19.0% from HK\$391.8 million to HK\$466.2 million and gross margin improved from 17.1% to 21.2%, mainly attributable to reduced cost, increased operating efficiencies and sales leverage on fixed costs resulting from higher production volume in the enlarged Peruvian Fishmeal Operations under the Fishery and Fish Supply Division.

Other operating income increased by 366.2% from HK\$76.1 million to HK\$354.8 million, principally due to gain on disposal of 18.09% equity interest in Tassal Group Limited ("Tassal") (HK\$241.9 million) and realized gains from foreign exchange derivative contracts on hedging of receivables.

Selling expenses increased by 54.2% from HK\$38.5 million to HK\$59.3 million, in line with higher sales volume of fishmeal and fish oil.

Administrative expenses increased by 17.7% from HK\$63.9 million to HK\$75.2 million, due primarily to consolidation of results of Copeinca into the Group.

Finance costs increased by 40.0% from HK\$148.9 million to HK\$208.5 million due mainly to the consolidation of senior notes issued by Copeinca and the term loan drawn by China Fishery Group Limited to finance the acquisition of Copeinca.

EBITDA increased by 26.3% from HK\$660.3 million to HK\$834.2 million, while EBITDA margin increased from 28.9% to 38.0%, due primarily to higher contribution and cost savings derived from the enlarged Peruvian Fishmeal Operations under the Fishery and Fish Supply Division.

Net profit attributable to owners of the Company increased by 263.8% from HK\$102.5 million to HK\$373.0 million, attributed mainly to the gain on disposal of Tassal's shares recorded during the quarter.

9MFY2014 (9 months ended 28 June 2014) vs 9MFY2013 (9 months ended 28 June 2013)

Revenue decreased by 4.2% from HK\$7,156.7 million to HK\$6,855.9 million.

Revenue from the Frozen Fish SCM Division, which accounted for 45.4% of total revenue, fell 19.3% from HK\$3,856.0 million to HK\$3,111.4 million mainly attributable to lower sales volume.

Revenue from the Fishery and Fish Supply Division, which accounted for 54.6% of total revenue, increased by 13.4% from HK\$3,300.8 million to HK\$3,744.5 million. This was mainly attributed to contribution from the enlarged Peruvian Fishmeal Operations. However it was partially offset by the drop in sales from the Contract Supply Business.

By market, the PRC remained the Group's largest market with sales of HK\$5,083.2 million, accounting for 74.1% of total revenue. This was followed by Europe with sales of HK\$729.6 million, accounting for 10.6% of total revenue. Sales to South America accounted for 5.3% of total revenue at HK\$366.4 million. Sales to East Asia amounted to HK\$365.6 million, accounting for 5.3% of total revenue. Sales to other markets accounted for the balance of 4.7% of total revenue.

Gross profit increased by 13.4% from HK\$1,202.9 million to HK\$1,364.4 million and gross margin improved from 16.8% to 19.9%, mainly attributable to reduced cost, increased operating efficiencies and sales leverage on fixed costs resulting from higher production volume in the enlarged Peruvian Fishmeal Operations under the Fishery and Fish Supply Division.

Other operating income increased by 49.5% from HK\$387.3 million to HK\$578.9 million, this was mainly attributable to gain on disposal of Tassal, partially offset by reduced gain in fair value changes from derivative financial instruments.

Selling expenses decreased by 18.0% from HK\$200.0 million to HK\$164.0 million, due primarily to lower sales volume.

Administrative expenses increased by 40.1% from HK\$162.8 million to HK\$228.2 million, due primarily to consolidation of results of Copeinca into the Group.

Finance costs increased by 45.8% from HK\$435.3 million to HK\$634.7 million due to additional interest expenses as a result of the consolidation of senior notes issued by Copeinca.

EBITDA increased by 22.5% from HK\$1,831.9 million to HK\$2,244.2 million.

Net profit attributable to owners of the Company increased by 4.4% from HK\$623.7 million to HK\$650.9 million.

Statement of Financial Position

As at 28 June 2014 vs as at 28 September 2013

Non-current assets decreased by 8.7% from HK\$20,200.1 million to HK\$18,437.0 million, due primarily to the disposal of Tassal's shares and reclassification of prepayments made to suppliers to current assets after the termination of the Long Term Supply Agreements ("LSAs") under the Fishery and Fish Supply Division. HK\$211.7 million in available-for-sale investment primarily represents the 4.64% equity interest in Tassal by the Group.

Current assets increased by 16.8% from HK\$11,313.2 million to HK\$13,217.9 million. The increase was due mainly to the reclassification of prepayments made to suppliers to current assets after the termination of the LSAs. Inventories increased by 75.8% from HK\$923.8 million to HK\$1,624.4 million, primarily due to higher fishmeal and fish oil inventories in the enlarged Peruvian Fishmeal Operations as a result of improving catch volume towards the end of the quarter.

Current liabilities decreased by 24.2% from HK\$9,046.6 million to HK\$6,861.3 million after the completion of the refinancing of the bridging loan and the full redemption of the CNH bond upon maturity.

Non-current liabilities increased by 19.0% from HK\$8,353.8 million to HK\$9,944.4 million, as a result of the debt refinancing which was completed in March 2014.

Net debt to equity ratio improved from 97.0% to 84.8%.

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

The third quarter ended 28 June 2014 results are consistent with the prospect statement disclosed to shareholders in the second quarter ended 28 March 2014 results announcement.

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

The Group successfully completed the issuance of 3-year S\$200 million (approximately HK\$1,256 million) bond issue in July 2014 that received overwhelming demand from investors – a testament to the confidence that investors have in PARD. Through this bond issue, the Group is able to improve its debt profile and overall capital structure.

Looking into 4QFY2014, the Group will remain focussed on consolidation of its expanded business, creating a lean and efficient organization. The Group is confident that the synergies and efficiencies being generated will strengthen its balance sheet into the future.

For the 2014 first anchovy fishing season in Peru, the Peruvian Government has set the Total Allowable Catch at 2.53 million tons, a 23.4% increase on the 2.05 million tons for the same fishing season last year. However, the Group and its industry peers have experienced a reduced catch in Peru during the fishing season largely due to El Niño effect, in this case, a temporary warming of the waters off the coast of Peru. Despite this lower catch volume, the Group is confident that the higher average selling prices of fishmeal and fish oil will be able to partially compensate for the reduction in sales volume.

Due to its unique nutritional properties, demand for fishmeal and fish oil from the aquaculture and animal farming industries has continued to grow and remains strong. According to the International Fishmeal and Fish Oil Organisation (“IFFO”), the F.O.B. average selling price of fishmeal (Super Prime Grade) has increased from US\$1,620 / ton in April 2014 to US\$1,905 / ton in July 2014.

Barring any unforeseen circumstances, the Group is confident of achieving continued profitability for the next quarter and FY2014.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the third quarter ended 28 June 2014.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	29.09.2013 – 28.06.2014 HK\$'000	29.09.2012 – 28.06.2013 HK\$'000	29.09.2013 – 28.06.2014 HK\$'000	29.09.2012 – 28.06.2013 HK\$'000
Pacific Andes International Holdings Limited and its subsidiaries				
Administrative expenses	-	-	24,678	24,541
Interest expenses	71	87	-	-

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

On behalf of the Board, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Pacific Andes Resources Development Limited, which may render the financial statements in respect of the 3QFY2014 to be false or misleading in any material aspect.

For and on behalf of the Board of Pacific Andes Resources Development Limited

Ng Joo Siang
Chairman

Ng Joo Puay, Frank
Managing Director

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Company Secretary
11 August 2014

15. SUPPLEMENTARY NOTES

Third quarter and Nine months ended 28 June 2014 in Singapore Dollars equivalent. These figures have not been audited.

1 (a) Consolidated Income Statement

	Group			
	Third quarter ended		Nine months ended	
	29.03.2014 to 28.06.2014	29.03.2013 to 28.06.2013	29.09.2013 to 28.06.2014	29.09.2012 to 28.06.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	354,593	372,128	1,107,076	1,164,171
Cost of sales	(279,310)	(308,397)	(886,758)	(968,495)
Gross profit	75,283	63,731	220,318	195,676
Other operating income	57,286	12,379	93,486	63,006
Selling and distribution expenses	(9,572)	(6,255)	(26,479)	(32,531)
Administrative expenses	(12,148)	(10,402)	(36,848)	(26,488)
Other operating expenses	-	(9,369)	(8,130)	(11,685)
Finance costs	(33,672)	(24,228)	(102,483)	(70,805)
	77,177	25,856	139,864	117,173
Share of results of associates	(13)	(26)	5,672	4,697
Profit before income tax	77,164	25,830	145,536	121,870
Income tax (expense) benefit	(5,828)	(2,014)	(10,921)	15,360
Profit for the period	71,336	23,816	134,615	137,230
Profit attributable to:				
Owners of the Company	60,236	16,680	105,108	101,454
Non-controlling interests	11,100	7,136	29,507	35,776
	71,336	23,816	134,615	137,230

Consolidated Statement of Comprehensive Income

	Group			
	Third quarter ended		Nine months ended	
	29.03.2014 to 28.06.2014	29.03.2013 to 28.06.2013	29.09.2013 to 28.06.2014	29.09.2012 to 28.06.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Profit for the period	71,336	23,816	134,615	137,230
Other comprehensive income:				
Exchange difference on translation of the Group's overseas operations	2,216	-	974	64
Gain on revaluation of property, plant and equipment	-	-	537	340
Fair value change of available-for-sale investments	12,542	5,613	12,012	8,115
Total comprehensive income for the period	86,094	29,429	148,138	145,749
Total comprehensive income attributable to:				
Owners of the Company	74,332	19,945	118,289	106,558
Non-controlling interests	11,762	9,484	29,849	39,191
	86,094	29,429	148,138	145,749

1(b)(i) Consolidated statement of financial position

	Group		Group	
	28.06.2014 HK\$'000	28.09.2013 HK\$'000	28.06.2014 S\$'000	28.09.2013 S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	5,198,899	5,300,991	839,507	854,544
Investment properties	53,026	52,135	8,563	8,404
Goodwill	2,952,461	2,952,461	476,757	475,950
Prepayment to suppliers	479,896	1,786,916	77,493	288,059
Available-for-sale investments	211,651	25,393	34,177	4,093
Interests in associates	1,471	542,615	238	87,472
Other intangible assets	9,539,557	9,539,557	1,540,427	1,537,820
	<u>18,436,961</u>	<u>20,200,068</u>	<u>2,977,162</u>	<u>3,256,342</u>
CURRENT ASSETS				
Inventories	1,624,416	923,785	262,307	148,918
Trade and bills receivables	1,975,089	1,832,860	318,933	295,465
Other receivables and prepayments	7,199,751	7,320,136	1,162,600	1,180,039
Current portion of prepayment to suppliers	936,000	205,123	151,143	33,067
Advances to suppliers	315,900	315,900	51,011	50,925
Prepaid income tax	52,776	99,513	8,522	16,042
Pledged deposits	95	111	15	18
Bank balances and cash	1,113,829	615,771	179,859	99,265
	<u>13,217,856</u>	<u>11,313,199</u>	<u>2,134,390</u>	<u>1,823,739</u>
CURRENT LIABILITIES				
Trade and other payables	405,530	308,082	65,484	49,664
Income tax payable	67,447	22,057	10,891	3,556
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	2,664	5,371	430	866
Derivative financial instruments	35,072	54,712	5,663	8,820
Bonds	-	721,476	-	116,305
Bank advances drawn on bills	-	7,060	-	1,138
Current portion of finance leases	10,013	30,151	1,617	4,860
Current portion of interest-bearing bank borrowings	6,340,562	7,897,734	1,023,860	1,273,150
	<u>6,861,288</u>	<u>9,046,643</u>	<u>1,107,945</u>	<u>1,458,359</u>
NET CURRENT ASSETS	<u>6,356,568</u>	<u>2,266,556</u>	<u>1,026,445</u>	<u>365,380</u>
NON-CURRENT LIABILITIES				
Finance leases	-	3,666	-	591
Interest-bearing bank borrowings	3,261,820	1,557,980	526,712	251,153
Long term payables	195,686	237,011	31,599	38,207
Senior notes	4,095,143	4,080,896	661,275	657,859
Deferred tax liabilities	2,391,781	2,474,198	386,220	398,852
	<u>9,944,430</u>	<u>8,353,751</u>	<u>1,605,806</u>	<u>1,346,662</u>
NET ASSETS	<u>14,849,099</u>	<u>14,112,873</u>	<u>2,397,801</u>	<u>2,275,060</u>
CAPITAL AND RESERVES				
Share capital	1,325,005	1,325,005	213,959	213,597
Reserves	9,729,760	9,078,936	1,571,141	1,463,566
Attributable to owners of the Company	11,054,765	10,403,941	1,785,100	1,677,163
Non-controlling interests	3,794,334	3,708,932	612,701	597,897
TOTAL EQUITY	<u>14,849,099</u>	<u>14,112,873</u>	<u>2,397,801</u>	<u>2,275,060</u>

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

	Group			
	Third quarter ended		Nine months ended	
	29.03.2014 to 28.06.2014	29.03.2013 to 28.03.2013	29.09.2013 to 28.06.2014	29.09.2012 to 28.06.2013
(i) Based on weighted average number of ordinary shares in issue	S 1.26 cents	S 0.35 cents	S 2.19 cents	S 2.12 cents
(ii) Based on a fully diluted basis	S 1.26 cents	S 0.35 cents	S 2.19 cents	S 2.12 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group			
	28.06.2014	28.09.2013	28.06.2014	28.09.2013
Net asset backing per ordinary share based on existing issued share capital as at the end of period reported on	HK\$ 2.31	HK\$ 2.17	S\$ 0.37	S\$ 0.35

*** Exchange Rate**

As at 28.06.2014: S\$ 1 = HK\$6.1928

As at 28.09.2013: S\$ 1 = HK\$6.2033

Third quarter ended 28.06.2014: S\$ 1 = HK\$6.1928

Third quarter ended 28.06.2013: S\$ 1 = HK\$6.1475