

# CHINA FISHERY GROUP LIMITED

## FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED SEPTEMBER 28, 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 US dollars. A Singapore Dollar equivalent of the financial statements in respect of items 1a, 1b(i), 6 & 7 for the group is provided under item 19 – Supplementary Notes as additional information for investors in Singapore.

#### Group Income Statement for the year ended September 28, 2014

	Group		Increase / (Decrease) %
	Year ended		
	28.09.2014	28.09.2013	
	US\$'000 (unaudited)	US\$'000 (restated)	
Revenue	630,835	555,014	13.7
Cost of sales	(274,531)	(271,478)	1.1
Vessel operating costs	(149,529)	(137,534)	8.7
Gross profit	206,775	146,002	41.6
Other operating income	14,791	89,739	(83.5)
Selling expenses	(27,311)	(25,534)	7.0
Administrative expenses	(25,014)	(18,875)	32.5
Other operating expenses	(15,143)	(69,709)	(78.3)
Finance costs	(80,847)	(50,567)	59.9
Profit before income tax	73,251	71,056	3.1
Income tax (expense) benefit	(9,573)	7,303	(231.1)
Profit for the year	63,678	78,359	(18.7)
Attributable to:			
Owners of the Company	61,928	77,720	(20.3)
Non-controlling interests	1,750	639	173.9
	63,678	78,359	(18.7)

#### Consolidated statement of comprehensive income:

	Group		Increase / (Decrease) %
	Year ended		
	28.09.2014	28.09.2013	
	US\$'000 (unaudited)	US\$'000 (restated)	
Profit for the year	63,678	78,359	(18.7)
Other comprehensive income:			
- Exchange difference on translation of the Group's overseas operations	(6)	3,870	(100.2)
- Gain on revaluation of properties	826	447	84.8
Total comprehensive income for the year, attributable to the owners of the Company	64,498	82,676	(22.0)
Attributable to:			
Owners of the Company	62,754	82,002	(23.5)
Non-controlling interests	1,744	674	158.8
	64,498	82,676	(22.0)

	Group		Increase / (Decrease) %
	Year ended		
	28.09.2014	28.09.2013	
	US\$'000 (unaudited)	US\$'000 (restated)	
Other operating income			
including interest income	14,791	89,739	(83.5)
Interest on borrowings (Note 1)	(79,496)	(49,044)	62.1
Amortisation of senior notes			
issuing expenses including in finance costs	(1,351)	(1,523)	(11.3)
Amortisation of prepayment to suppliers (Note 2)	(13,865)	(30,466)	(54.5)
Depreciation and amortisation expense	(77,112)	(96,131)	(19.8)
Gain on disposal of property, plant and equipment	597	413	44.6
Impairment loss on property, plant and equipment	(2,800)	(44,918)	(93.8)
Change in fair value in derivative financial instruments	2,034	616	230.2
Fair value gain in quoted investment	-	16,094	(100.0)
Gain on bargain purchase of acquisition (Note 3)	-	57,510	(100.0)
Expenses related to acquisition	-	(13,458)	(100.0)
Foreign exchange gain, net	8,869	13,653	(35.0)

**Notes:**

1. The increase in interest on borrowings was due to additional interest expenses as a result of the consolidation of senior notes issued by Copeinca and the term loan drawn to finance the acquisition of Copeinca.
2. The decrease in amortization of prepayment to suppliers due to the termination of the LSAs' under Contract Supply Business.
3. During the year ended 28.09.2013, the Group acquired Copeinca ASA ("Copeinca") (the "Acquisition").

The Acquisition was accounted in accordance with the terms of the sale and purchase agreements and the provision of FRS 103 Business Combinations.

A gain on bargain purchase of US\$64,049,000, representing the excess of the fair value of the net assets acquired over the purchase consideration, was recognised in profit or loss for the financial year ended 28.09.2013 and included in the line item other operating income.

The initial accounting for the Acquisition has only been provisionally determined as the Acquisition occurred close to the year ended 28.09.2013. The necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

The provisional fair value for the Acquisition has been finalised in the current financial year and has accounted for (i) a decrease in provisional fair value of the net assets acquired and liabilities assumed by US\$6,539,000; and (ii) a decrease in the bargain purchase by US\$6,539,000, retrospectively in accordance with FRS 103.

**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	
	28.09.2014 US\$'000 (unaudited)	28.09.2013 US\$'000 (restated)	28.09.2014 US\$'000 (unaudited)	28.09.2013 US\$'000 (audited)
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	129,086	74,576	104	141
Trade receivables	144,757	141,475	-	-
Other receivables and prepayments	220,922	155,055	71	1,462
Derivative financial instruments	139	-	-	-
Advances to suppliers	40,500	40,500	-	-
Prepaid income tax	7,237	12,758	-	-
Deferred expenses	41,598	32,935	-	-
Inventories	158,404	98,193	-	-
Current portion of prepayment to suppliers (Note 1)	87,880	26,298	-	-
Total current assets	<u>830,523</u>	<u>581,790</u>	<u>175</u>	<u>1,603</u>
Non-current assets:				
Prepayment to suppliers (Note 1)	42,645	229,092	-	-
Property, plant and equipment	601,453	635,901	-	-
Investment property	3,385	3,218	-	-
Goodwill	95,721	95,721	-	-
Fishing and plant permits	1,222,670	1,222,670	-	-
Subsidiaries	-	-	672,844	674,417
Held-to-maturity financial asset	-	-	3,060	3,060
Total non-current assets	<u>1,965,874</u>	<u>2,186,602</u>	<u>675,904</u>	<u>677,477</u>
Total assets	<u>2,796,397</u>	<u>2,768,392</u>	<u>676,079</u>	<u>679,080</u>
<b><u>LIABILITIES AND EQUITY</u></b>				
Current liabilities:				
Trade payables	16,559	17,879	-	-
Other payables and accrued expenses	19,846	15,122	606	1,589
Derivative financial instruments	-	1,895	-	-
Income tax payable	9,550	2,828	-	-
Financial guarantee contract	-	-	4,068	4,068
Current portion of finance leases	-	3,866	-	-
Current portion of bank loans	303,607	538,248	-	-
Total current liabilities	<u>349,562</u>	<u>579,838</u>	<u>4,674</u>	<u>5,657</u>
Non-current liabilities:				
Financial guarantee contract	-	-	15,127	19,098
Finance leases	-	470	-	-
Bank loans	376,370	137,667	-	-
Long term payables	25,808	35,316	-	-
Senior notes	532,136	530,785	-	-
Deferred tax liabilities	303,493	316,514	-	-
Total non-current liabilities	<u>1,237,807</u>	<u>1,020,752</u>	<u>15,127</u>	<u>19,098</u>
Capital and reserves:				
Share capital	102,318	102,318	102,318	102,318
Reserves	1,104,530	1,057,064	553,960	552,007
Attributable to owners of the Company	<u>1,206,848</u>	<u>1,159,382</u>	<u>656,278</u>	<u>654,325</u>
Non-controlling interests	2,180	8,420	-	-
Total equity	<u>1,209,028</u>	<u>1,167,802</u>	<u>656,278</u>	<u>654,325</u>
Total liabilities and equity	<u>2,796,397</u>	<u>2,768,392</u>	<u>676,079</u>	<u>679,080</u>

**Notes:**

## 1. Prepayment to suppliers

	28.09.2014 US\$'000	28.09.2013 US\$'000
<i>Current portion</i>		
1st LSA	-	1,432
2nd LSA	5,238	8,200
3rd LSA	32,612	8,333
4th LSA	50,030	8,333
	<u>87,880</u>	<u>26,298</u>
<i>Non-current portion</i>		
1st LSA	-	-
2nd LSA	2,542	10,296
3rd LSA	15,825	85,463
4th LSA	24,278	133,333
	<u>42,645</u>	<u>229,092</u>

\*LSA stands for Long Term Supply Agreement

The LSA was terminated on 1 April 2014; the amount of prepaid fixed price shall be entitled to refund in cash or in the form of fish supply by 28 March 2016.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 28.09.2014		As at 28.09.2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
(unaudited)	(unaudited)	(audited)	(audited)
67,474	236,133	26,084	516,030

**Amount repayable after one year**

As at 28.09.2014		As at 28.09.2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
(unaudited)	(unaudited)	(audited)	(audited)
-	908,506	470	668,452

**Details of any collateral**

None of the office premises and fishing vessels in Peru of the Company and its subsidiaries ("Group") are held under finance leases as at the year end. (28.09.2013: US\$3.4 million). The inventory loans are pledged by its fishmeal inventories in Peru with net carrying values of approximately US\$49.5 million (28.09.2013: US\$8.2 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.**

	Group	
	28.09.2014	28.09.2013
	US\$'000	US\$'000
	(unaudited)	(restated)
<b>Operating activities</b>		
Profit before income tax	73,251	71,056
Adjustments for:		
Amortisation of prepayment to suppliers	13,865	30,466
Amortisation of senior notes issuing expenses	1,351	1,523
Depreciation expense	77,112	96,131
Fair value (gain) loss on investment property	(167)	102
Impairment loss on property, plant and equipment	2,800	44,918
Gain on disposal of property, plant and equipment	(597)	(413)
Interest expense	79,496	49,044
Interest income	(19)	(86)
Fair value gain on available-for-sale investment	-	(16,094)
Gain on bargain purchase on acquisition of subsidiary	-	(57,510)
Statutory employees profit share	5,293	282
Provision for claims	3,592	1,379
Operating cash flows before movements in working capital	255,977	220,798
Trade receivables	(3,282)	27,612
Other receivables and prepayments	(65,867)	48,204
Deferred expenses	(8,663)	(7,248)
Inventories	(60,211)	32,572
Trade payables	(1,320)	(6,662)
Other payables and accrued expenses and long term payables	(15,753)	8,699
Derivative financial instruments	(2,034)	(616)
Cash generated from operations	98,847	323,359
Interest paid	(79,474)	(46,164)
Income tax paid	(8,295)	(8,812)
<b>Net cash from operating activities</b>	<b>11,078</b>	<b>268,383</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(54,391)	(13,979)
Acquisition of assets	-	(2,500)
Refund (additions) to prepayment to suppliers	111,000	(150,000)
Proceeds from disposal of property, plant and equipment	10,350	413
Net cash outflow on acquisition of subsidiaries ( <b>Note A</b> )	(7,129)	(720,469)
Interest received	19	86
<b>Net cash used in investing activities</b>	<b>59,849</b>	<b>(886,449)</b>
<b>Financing activities</b>		
Dividends paid	(16,143)	(15,712)
Net proceeds from issue of shares from rights issue	-	277,588
Repayment of working capital loans	15,657	(4,910)
Additions of bank loans	550,000	448,229
Repayment of bank loans	(561,595)	(60,179)
Repayment of obligations under finance leases	(4,336)	(3,789)
<b>Net cash from financing activities</b>	<b>(16,417)</b>	<b>641,227</b>
<b>Net increase in cash and cash equivalents</b>	<b>54,510</b>	<b>23,161</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>74,576</b>	<b>51,415</b>
<b>Cash and cash equivalents at end of the year</b>	<b>129,086</b>	<b>74,576</b>
Being:		
Cash at bank	128,618	74,059
Cash on hand	468	517
	<b>129,086</b>	<b>74,576</b>

**Note (A)**

Net cash outflow arising on acquisition of subsidiaries

	Year ended 28.09.2013		
	Acquirees' carrying amount before combination US\$'000	Fair value adjustments US\$'000	Fair value US\$'000
Net assets acquired of:			
<b>Non-current assets</b>			
Property, plant and equipment	245,348	(29,140)	216,208
Fishing and plant permits	214,117	772,795	986,912
Goodwill	139,095	(139,095)	-
<b>Current assets</b>			
Inventories	48,838	24,651	73,489
Trade receivables	34,655	-	34,655
Other receivables and prepayments	20,284	-	20,284
Prepaid income tax	7,217	-	7,217
Deferred expenses	3,246	-	3,246
<b>Current liabilities</b>			
Trade payables	(4,723)	-	(4,723)
Other payables	(6,305)	-	(6,305)
Income tax payable	(4,562)	-	(4,562)
Current portion of bank loans	(1,288)	-	(1,288)
<b>Non-current liabilities</b>			
Long term payables	(11,513)	-	(11,513)
Senior notes	(249,899)	-	(249,899)
Deferred tax liabilities	(73,138)	(188,764)	(261,902)
Non controlling interests	(4,352)	(3,394)	(7,746)
	<u>357,020</u>	<u>437,053</u>	<u>794,073</u>
Gain on bargain purchase arising on acquisition			(57,510)
Fair value gain on available-for-sale investment			(16,094)
Total consideration, satisfied by cash			<u>720,469</u>
Net cash outflow arising on acquisition:			
Cash consideration			787,690
Less: fair value gain on available-for-sale investment			(16,094)
Less: cash and cash equivalents acquired			<u>(51,127)</u>
			<u>720,469</u>

**1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization 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									Total
	Share capital	Share premium	Warrants reserve	Other reserve	Foreign currency translation reserve	Revaluation reserve	Merger reserve	Retained earnings	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
<u>Group</u>										
Balance at 29 September 2012	51,159	282,239	12,714	-	-	6,606	(30,503)	493,289	-	815,504
Total comprehensive income for the year	-	-	-	-	3,835	447	-	77,720	674	82,676
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	7,746	7,746
Expiry of warrants	-	12,714	(12,714)	-	-	-	-	-	-	-
Issue of shares on exercise of rights issue	51,159	230,526	-	-	-	-	-	-	-	281,685
Share issue expenses	-	(4,097)	-	-	-	-	-	-	-	(4,097)
Final dividend of 1.9 Singapore cents per ordinary share in respect of FY2012	-	-	-	-	-	-	-	(15,712)	-	(15,712)
Balance at 28 September 2013	<u>102,318</u>	<u>521,382</u>	<u>-</u>	<u>-</u>	<u>3,835</u>	<u>7,053</u>	<u>(30,503)</u>	<u>555,297</u>	<u>8,420</u>	<u>1,167,802</u>
Balance at 29 September 2013	102,318	521,382	-	-	3,835	7,053	(30,503)	555,297	8,420	1,167,802
Total comprehensive income for the year	-	-	-	-	-	826	-	61,928	1,744	64,498
Issue of warrants	-	(2,997)	2,997	-	-	-	-	-	-	-
Non-controlling interest arising from acquisition of additional interest subsidiaries	-	-	-	855	-	-	-	-	(7,984)	(7,129)
Final dividend of 1.0 Singapore cent per ordinary share in respect of FY2013	-	-	-	-	-	-	-	(16,143)	-	(16,143)
Balance at 28 September 2014	<u>102,318</u>	<u>518,385</u>	<u>2,997</u>	<u>855</u>	<u>3,835</u>	<u>7,879</u>	<u>(30,503)</u>	<u>601,082</u>	<u>2,180</u>	<u>1,209,028</u>
<u>Company</u>										
Balance at 29 September 2012	51,159	282,239	12,714	-	-	-	-	41,145	-	387,257
Total comprehensive income for the year	-	-	-	-	-	-	-	5,192	-	5,192
Expiry of warrants	-	12,714	(12,714)	-	-	-	-	-	-	-
Issue of shares on exercise of rights issue	51,159	230,526	-	-	-	-	-	-	-	281,685
Share issue expenses	-	(4,097)	-	-	-	-	-	-	-	(4,097)
Final dividend of 1.9 Singapore cents per ordinary share in respect of FY2012	-	-	-	-	-	-	-	(15,712)	-	(15,712)
Balance at 28 September 2013	<u>102,318</u>	<u>521,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,625</u>	<u>-</u>	<u>654,325</u>
Balance at 29 September 2013	102,318	521,382	-	-	-	-	-	30,625	-	654,325
Total comprehensive income for the year	-	-	-	-	-	-	-	18,096	-	18,096
Issue of warrants	-	(2,997)	2,997	-	-	-	-	-	-	-
Final dividend of 1.0 Singapore cent per ordinary share in respect of FY2013	-	-	-	-	-	-	-	(16,143)	-	(16,143)
Balance at 28 September 2014	<u>102,318</u>	<u>518,385</u>	<u>2,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,578</u>	<u>-</u>	<u>656,278</u>

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

The Company did not issue any shares during the year ended 28.09.2014 (28.09.2013: 1,023,177,273).

On 27 January 2014, the Company issued 96,153,846 warrants at an exercise price of S\$0.52 each to CAP III-A Limited. As at 28.09.2014, there were 96,153,846 outstanding warrants at an exercise price of S\$0.52 each (28.09.2013: Nil).

The Company did not make any purchases of its shares during the year ended 28.09.2014 (28.09.2013: Nil).

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

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

The total number of issued shares excluding treasury shares as at the end of the current financial period: 2,046,354,546 shares (28.09.2013: 2,046,354,546 shares).

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

Not applicable.

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

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

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

Not applicable.

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

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 28.09.2013.

**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.**

None.

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

	Group	
	Year ended	
	28.09.2014 (unaudited)	28.09.2013 (restated)
Earnings per ordinary share		
(i) Based on weighted average number of ordinary shares in issue	US 3.03 cents	US 4.95 cents
The calculation of the basic earnings per share is based on the following data:		
Earnings	US\$61,928,000	US\$77,720,000
Weighted average number of ordinary shares used in calculation of the basic earnings per share	2,046,354,546	1,571,535,256
(ii) On a fully diluted basis	US 3.03 cents	US 4.95 cents
The calculation of the diluted earnings per share is based on the following data:		
Earnings	US\$61,928,000	US\$77,720,000
Weighted average number of ordinary shares used in calculation of the diluted earnings per share	2,046,354,546	1,571,535,256



Note:

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the year ended 28 September 2013 has been adjusted by incorporating the effects of rights issue during the year ended 28 September 2013.

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		Company	
	28.09.2014	28.09.2013	28.09.2014	28.09.2013
Net asset value per ordinary share based on existing issued share capital as at the end of period reported on	US\$0.59	US\$0.57	US\$0.32	US\$0.32

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.**

**FY2014 (Year ended 28 September 2014) vs FY2013 (Year ended 28 September 2013)**

**Income Statement**

Group revenue increased by 13.7% from US\$555.0 million to US\$630.8 million.

Revenue from the Peruvian Fishmeal Operations, which accounted for 68.9% of total revenue, increased by 162.5% from US\$165.6 million to US\$434.9 million, reflecting continued enhanced contribution from the enlarged Peruvian Fishmeal Operations.

Key operating statistics of the Peruvian Fishmeal Operations for this financial year compared with the prior-year are shown below:

Metric ton	FY2014	FY2013
Peruvian Anchovy harvested	674,518MT	205,032MT
Peruvian Anchovy purchased from third party	302,281MT	32,120MT
Fishmeal produced	235,322MT	57,621MT
Fishmeal sold	215,494MT	81,483MT
Average selling price of fishmeal sold (US\$/metric ton)	1,502	1,660
Fish oil produced	38,923MT	10,277MT
Fish oil sold	41,200MT	11,383MT
Average selling price of fish oil sold (US\$/metric ton)	1,974	2,351

Revenue from the Contract Supply Business, which accounted for 24.4% of total revenue, decreased by 57.4% from US\$361.4 million to US\$153.9 million, due primarily to the termination and non-renewal of the Long Term Supply Agreements (the "LSAs").

Revenue from the CF Fleet operations, which accounted for 6.7% of total revenue, increased by 50.8% from US\$27.9 million to US\$42.1 million, mainly as a result of higher catch and sales volume recorded from the fishing operations in Namibia.

The geographical breakdown of the Group's revenue is as follows:

PRC – 50.2%

Other Asia – 14.9%

Europe – 12.6%

South America – 9.9%

Africa – 5.9%

North America – 6.5%

Despite a 13.7% increase in revenue, cost of sales and vessel operating costs increased marginally from US\$409.0 million to US\$424.1 million. This was mainly attributable to the higher contribution from the enlarged Peruvian Fishmeal Operations in the Group's business.

Gross profit increased by 41.6% from US\$146.0 million to US\$206.8 million, and gross profit margin improved from 26.3% to 32.8%. This was driven by increased volumes and a continued focus on operational efficiencies in the Peruvian Fishmeal Operations, including the relocation of production to the most cost efficient processing facilities.

Other operating income decreased by 83.5% from US\$89.7 million to US\$14.8 million. This was due primarily to the absence of the US\$73.6 million fair value gain and gain in bargain purchase from the Group's acquisition of Copeinca that were recorded in FY2013.

Selling expenses increased marginally by 7.0% from US\$25.5 million to US\$27.3 million, due primarily to higher sales volume of fishmeal and fish oil that more than offset lower sales volume from the Contract Supply Business.

Administrative expenses increased by 32.5% from US\$18.9 million to US\$25.0 million, due primarily to consolidation of results of Copeinca into the Group.

Other operating expenses decreased by 78.3% from US\$69.7million to US\$15.1million due to the absence of provisions that were recorded in FY2013.

Finance costs increased by 59.9% from US\$50.6 million to US\$80.8million due to additional interest expenses as a result of the consolidation of senior notes issued by Copeinca and the term loan drawn to finance the acquisition of Copeinca.

EBITDA increased by 14.6% from US\$236.7 million to US\$271.2 million, while EBITDA margin increased slightly from 42.6% to 43.0%. Higher contribution and cost savings derived from the enlarged Peruvian Fishmeal Operations more than offset the impact of the termination and non-renewal of the LSAs under the Contract Supply Business.

Net profit decreased by 18.7% from US\$78.4 million to US\$63.7 million, due primarily to higher finance costs and income tax expenses.

## 28 September 2014 vs 28 September 2013

### **Statement of financial position**

Total assets increased by 1.0% from US\$2,768.4 million to US\$2,796.4 million.

Current assets increased by 42.8% from US\$581.8 million to US\$830.5 million. The increase was due mainly to:

1. Increase in cash and bank balances following the partial refund of LSA prepayments (from the Russian Suppliers following the termination of the LSAs),
2. Prepayments made to suppliers which are scheduled to be refunded being reclassified to “Current Assets” after the termination of the LSAs, and
3. Higher fishmeal and fish oil inventories in the enlarged Peruvian Fishmeal Operations due to production being ramped-up as a result of improved catch results during 4QFY2014, in addition to higher cost of raw materials, goods in process and finished goods. Year-end fishmeal and fish oil inventories amounted to US\$56.2 million and US\$15.8 million respectively.

Non-current assets decreased by 10.1% from US\$2,186.6 million to US\$1,965.9 million due primarily to the reclassification of prepayments made to suppliers to “Current Assets” after the termination of the LSAs.

Total liabilities decreased slightly by 0.8% from US\$1,600.6 million to US\$1,587.4 million.

Current liabilities decreased by 39.7% from US\$579.8 million to US\$349.6 million after the completion of the refinancing of acquisition loans on Copeinca.

Non-current liabilities increased by 21.3% from US\$1,020.8 million to US\$1,237.8 million after the refinancing of acquisition loans into a 4 year term loan in March 2014.

Net debt to equity ratio improved from 98.0% to 89.7%.

### **Cash Flow and Liquidity**

Cash generated by operations was US\$256.0 million.

Working capital increased US\$98.8 million as a result of a US\$60.2 million increase in inventories and an aggregate US\$69.1 million increase in trade and other receivables. Trade receivables increased as a result of higher sales recorded in the last quarter due to a higher catch volume towards the end of 4QFY2014. Inventories increased mainly reflecting higher inventory volumes as production was ramped-up due to higher catch volume towards the end of 4QFY2014, in addition to higher cost of raw materials, goods in process and finished goods.

Capital expenditures in FY2014 decreased to US\$61.5 million from US\$886.9 million in FY2013. The main investments carried out during the year included the purchase of office premises in Peru for combining the Group’s Peruvian offices, and the mandatory general offer of shares in Copeinca.

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

The results for the year ended 28.09.2014 is in line with the prospect statement disclosed to shareholders in the third quarter ended 28.06.2014 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 the next 12 months.**

## Prospects and Outlook

Following the termination of the LSAs, the Group will focus on developing its Peruvian Operations.

Looking ahead, the Group will further integrate its Fishmeal Operations, enhance asset utilization and reduce interest cost.

During FY2014, the Group successfully realized cost synergies by the closure of two fishmeal processing plants, reduction in fleet size, and centralization of its engineering and vessel maintenance workforce. The Group will remain focused on realizing maximum value from the integration of its Peruvian Fishmeal Operations.

The enhancement of its production efficiency in the Group's facilities in Peru and the expansion of fishing areas in Africa will increase asset utilization. This will underpin the Group's strategy of delivering revenue growth and improved margins over the medium term.

In FY2015, the Group will continue to focus on maximizing operating cash flow, tightly managing capital expenditure and enhancing asset utilization, which will enable the Group to further improve its operating cash flow in the coming quarters.

In addition, the Group will continue to improve its debt profile and capital structure. The Group also intends to redeem the Copeinca notes by March 2015.

As a result of increased population, growing affluence and consumer acceptance of farmed seafood, global demand for fishmeal and fish oil for aquaculture and farmed animal production is continuing to strengthen. This demand will be a key driver of future growth for the fishmeal and fish oil market, and in particular of the Group. Although the start of the 2014 second fishing season has been delayed and the total allowable catch for the season may also be reduced, the Peruvian Anchovy resource has shown itself to be sustainable and is well-managed under an effective fishery management policy adopted by the Peruvian Government.

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

### 11. Dividend

#### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	First and Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.00 Singapore cent per ordinary share (tax not applicable)
Par value of shares	US\$0.05
Tax Rate	Tax not applicable

#### (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 final dividend is proposed to enable the Company to conserve cash for redemption of the Copeinca Senior Notes.

**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 of 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 of the Listing Manual of the SGX-ST)		Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST (excluding transactions less than S\$100,000)	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
<b>Pacific Andes Resources Development Limited and its subsidiaries:</b>				
Sales of catches	-	-	-	-
Sales of fishmeal products	-	-	-	-
Purchase of bunker and other vessel supplies	-	-	-	-

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segments**

	<u>CONTRACT SUPPLY</u> <u>BUSINESS</u>		<u>PERUVIAN</u> <u>FISHMEAL</u>		<u>CHINA</u> <u>FISHERY FLEET</u>		<u>Elimination</u>		<u>Total</u>	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000 (restated)	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000 (restated)
External revenue	153,850	361,428	434,865	165,648	42,120	27,938	-	-	630,835	555,014
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Total revenue	<u>153,850</u>	<u>361,428</u>	<u>434,865</u>	<u>165,648</u>	<u>42,120</u>	<u>27,938</u>	<u>-</u>	<u>-</u>	<u>630,835</u>	<u>555,014</u>
Segment results	46,649	103,374	128,566	106,386	(20,502)	(87,675)	-	-	154,713	122,085
Corporate expenses	(615)	(462)	-	-	-	-	-	-	(615)	(462)
Finance costs	(4,531)	(6,332)	(76,168)	(44,020)	(148)	(215)	-	-	(80,847)	(50,567)
Profit (loss) before income tax	41,503	96,580	52,398	62,366	(20,650)	(87,890)	-	-	73,251	71,056
Income tax (expense) benefit	-	(2)	(9,419)	9,112	(154)	(1,807)	-	-	(9,573)	7,303
Profit (loss) for the year	<u>41,503</u>	<u>96,578</u>	<u>42,979</u>	<u>71,478</u>	<u>(20,804)</u>	<u>(89,697)</u>	<u>-</u>	<u>-</u>	<u>63,678</u>	<u>78,359</u>

**Other information**

Segment assets	563,332	607,154	2,020,193	1,920,625	212,872	240,613	-	-	<u>2,796,397</u>	<u>2,768,392</u>
Segment liabilities	64,564	158,714	1,519,012	1,435,802	3,793	6,074	-	-	<u>1,587,369</u>	<u>1,600,590</u>
Capital expenditure	-	150,000	45,884	10,688	8,507	5,791	-	-	<u>54,391</u>	<u>166,479</u>
Depreciation and amortisation	26,553	71,330	39,741	23,573	26,033	33,217	-	-	<u>92,327</u>	<u>128,120</u>
Impairment of property, plant and equipment	-	-	2,800	9,918	-	35,000	-	-	<u>2,800</u>	<u>44,918</u>

**Revenues based on delivery location (which are different from the fishing and production locations) are as follows:**

**Revenue**

	<u>CONTRACT SUPPLY</u> <u>BUSINESS</u>		<u>PERUVIAN</u> <u>FISHMEAL</u>		<u>CHINA</u> <u>FISHERY FLEET</u>		<u>Total</u>	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
People's Republic of China	148,230	333,385	168,459	113,637	-	-	316,689	447,022
South America	-	-	62,296	11,234	-	-	62,296	11,234
Japan & Korea	5,620	28,043	51,504	9,911	-	-	57,124	37,954
South East Asia	-	-	31,368	2,293	5,201	7,176	36,569	9,469
Europe	-	-	79,475	19,950	-	-	79,475	19,950
West Africa	-	-	-	-	36,919	20,762	36,919	20,762
Australia	-	-	19,121	3,924	-	-	19,121	3,924
Others *	-	-	22,642	4,699	-	-	22,642	4,699
	<u>153,850</u>	<u>361,428</u>	<u>434,865</u>	<u>165,648</u>	<u>42,120</u>	<u>27,938</u>	<u>630,835</u>	<u>555,014</u>

**Non-current assets**

People's Republic of China	6,756	9,667	-	-	-	-	6,756	9,667
South East Asia	3,385	3,218	-	-	5,615	5,308	9,000	8,526
Europe	114,328	285,720	-	-	-	-	114,328	285,720
Others *	-	-	1,681,345	1,700,835	154,445	181,854	1,835,790	1,882,689
	<u>124,469</u>	<u>298,605</u>	<u>1,681,345</u>	<u>1,700,835</u>	<u>160,060</u>	<u>187,162</u>	<u>1,965,874</u>	<u>2,186,602</u>

\* Others include North and South America

**Information about major customers**

For year ended 28 September 2014, included in revenue from Contract Supply Business is revenue of approximately US\$95.5 million which arose from sales to the Group's largest customer.

For year ended 28 September 2013, included in revenue from Contract Supply Business is revenue of approximately US\$224.0 million which arose from sales to the Group's largest customer.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

For details review of performance by business or geographical segments, please refer to item 8.

**16. A breakdown of sales.**

	Group		
	2014 US\$'000	2013 US\$'000	Change
Sales reported in the first half year	325,092	270,783	-20.1%
Operating profit in the first half year	32,205	55,518	-42.0%
Sales reported in the second half year	305,743	284,231	+7.6%
Operating profit in the second half year	31,473	22,841	+37.8%

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend

	Latest Full Year US\$'000	Previous Full Year US\$'000
Ordinary	-	16,143
Preference	-	-
Total:	-	16,143

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ng Joo Siang	55	Brother of Ng Joo Kwee, Executive Chairman and Executive Director of the Company	Executive Director of the Company (since 25 April 2006)  He is responsible for overseeing the general management, sales and business development as well as strategic planning of the Group.	N/A
Ng Joo Kwee	54	Brother of Ng Joo Siang, Executive Director of the Company	Executive Chairman and Director of the Company (since 31 October 2005)  He is responsible for the overall management and strategic development of the Company.	N/A

**BY ORDER OF THE BOARD**

**Tan San-Ju**  
Company Secretary

November 22, 2014



## 19. SUPPLEMENTARY NOTES

Results for the year ended 28 September 2014 in Singapore Dollar equivalent. These figures have not been audited.

### 1(a) Consolidated Income

	Group			
	Year ended		Year ended	
	28.09.2014	28.09.2013	28.09.2014	28.09.2013
	US\$'000	US\$'000 (restated)	S\$'000	S\$'000 (restated)
Revenue	630,835	555,014	804,062	697,875
Cost of sales	(274,531)	(271,478)	(349,917)	(341,356)
Vessel operating costs	(149,529)	(137,534)	(190,590)	(172,935)
Gross profit	206,775	146,002	263,555	183,584
Other operating income	14,791	89,739	18,854	112,838
Selling expenses	(27,311)	(25,534)	(34,810)	(32,106)
Administrative expenses	(25,014)	(18,875)	(31,881)	(23,733)
Other operating expenses	(15,143)	(69,709)	(19,300)	(87,653)
Finance costs	(80,847)	(50,567)	(103,048)	(63,584)
Profit before income tax	73,251	71,056	93,370	89,346
Income tax expense	(9,573)	7,303	(12,202)	9,183
Profit for the year	63,678	78,359	81,168	98,529
Attributable to:				
Owners of the Company	61,928	77,720	78,937	97,725
Non-controlling interests	1,750	639	2,231	804
	63,678	78,359	81,168	98,529

### Consolidated statement of comprehensive income:

	Group			
	Year ended		Year ended	
	28.09.2014	28.09.2013	28.09.2014	28.09.2013
	US\$'000	US\$'000 (restated)	S\$'000	S\$'000 (restated)
Profit for the year	63,678	78,359	81,168	98,529
Other comprehensive income:				
- Exchange difference on translation of the overseas operations	(6)	3,870	(8)	4,866
- Gain on revaluation of properties	826	447	1,053	562
Total comprehensive income for the year, attributable to the owners of the Company	64,498	82,676	82,213	103,957
Attributable to:				
Owners of the Company	62,754	82,002	79,990	103,109
Non-controlling interests	1,744	674	2,223	848
	64,498	82,676	82,213	103,957

**1(b)(i) Consolidated Statement of financial position**

	Group		Group	
	28.09.2014 US\$'000	28.09.2013 US\$'000 (restated)	28.09.2014 S\$'000	28.09.2013 S\$'000 (restated)
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalent	129,086	74,576	164,534	93,771
Trade receivables	144,757	141,475	184,507	177,891
Other receivables and prepayments	220,922	155,055	281,588	194,966
Derivative financial instruments	139	-	177	-
Advance to suppliers	40,500	40,500	51,621	50,925
Prepaid income tax	7,237	12,758	9,224	16,042
Deferred expenses	41,598	32,935	53,021	41,412
Inventories	158,404	98,193	201,902	123,468
Current portion of prepayment to suppliers	87,880	26,298	112,012	33,067
<b>Total current assets</b>	<b>830,523</b>	<b>581,790</b>	<b>1,058,586</b>	<b>731,542</b>
Non-current assets:				
Prepayment to suppliers	42,645	229,092	54,355	288,060
Property, plant and equipment	601,453	635,901	766,612	799,582
Investment properties	3,385	3,218	4,315	4,046
Goodwill	95,721	95,721	122,006	120,360
Fishing and plant permits	1,222,670	1,222,670	1,558,415	1,537,385
<b>Total non-current assets</b>	<b>1,965,874</b>	<b>2,186,602</b>	<b>2,505,703</b>	<b>2,749,433</b>
<b>Total assets</b>	<b>2,796,397</b>	<b>2,768,392</b>	<b>3,564,289</b>	<b>3,480,975</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
Current liabilities:				
Trade payables	16,559	17,879	21,106	22,481
Other payables and accrued expenses	19,846	15,122	25,296	19,014
Derivative financial instruments	-	1,895	-	2,383
Income tax payable	9,550	2,828	12,172	3,556
Current portion of finance leases	-	3,866	-	4,861
Current portion of bank loans	303,607	538,248	386,977	676,793
<b>Total current liabilities</b>	<b>349,562</b>	<b>579,838</b>	<b>445,551</b>	<b>729,088</b>
Non-current liabilities:				
Finance leases	-	470	-	591
Bank loans	376,370	137,667	479,721	173,102
Long term payables	25,808	35,316	32,895	44,406
Senior notes	532,136	530,785	678,261	667,409
Deferred tax liabilities	303,493	316,514	386,832	397,985
<b>Total non-current liabilities</b>	<b>1,237,807</b>	<b>1,020,752</b>	<b>1,577,709</b>	<b>1,283,493</b>
Capital and reserves:				
Share capital	102,318	102,318	130,415	128,655
Reserves	1,104,530	1,057,064	1,407,835	1,329,152
Attributable to owners of the Company	1,206,848	1,159,382	1,538,250	1,457,807
Non-controlling interests	2,180	8,420	2,779	10,587
<b>Net equity</b>	<b>1,209,028</b>	<b>1,167,802</b>	<b>1,541,029</b>	<b>1,468,394</b>
<b>Total liabilities and equity</b>	<b>2,796,397</b>	<b>2,768,392</b>	<b>3,564,289</b>	<b>3,480,975</b>

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

	Group		Group	
	Year ended 28.09.2014	28.09.2013	Year ended 28.09.2014	28.09.2013
(i) Based on weighted average number of ordinary shares in issue; and	US 3.03cents	US 4.95cents	S 3.86cents	S 6.22cents
(ii) On a fully diluted basis	US 3.03cents	US 4.95cents	S 3.86cents	S 6.22cents

Note:

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the year ended 28 September 2013 has been adjusted by incorporating the effects of rights issue during the year ended 28 September 2013.

**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		Group	
	28.09.2014	28.09.2013	28.09.2014	28.09.2013
Net asset value per ordinary share based on existing issued share capital as at the end of period reported on	US\$0.59	US\$0.57	S\$0.75	S\$0.72

\* Exchange Rate

As at 28.09.2014: US\$1 = S\$1.2746

As at 28.09.2013: US\$1 = S\$1.2574