

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

Third Quarter and Nine Months Unaudited Financial Statement for the Period Ended 28 June 2015

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 2015

	Group					
	Third quarter ended		Increase/ (decrease) %	Nine months ended		Increase/ (decrease) %
	29.03.2015 to 28.06.2015 HK\$'000	29.03.2014 to 28.06.2014 HK\$'000		29.09.2014 to 28.06.2015 HK\$'000	29.09.2013 to 28.06.2014 HK\$'000	
Revenue	2,051,986	2,195,922	(6.6)	5,178,928	6,855,899	(24.5)
Cost of sales	(1,735,168)	(1,729,709)	0.3	(4,227,462)	(5,491,513)	(23.0)
Gross profit	316,818	466,213	(32.0)	951,466	1,364,386	(30.3)
Other operating income	35,722	354,760	(89.9)	206,331	578,938	(64.4)
Selling and distribution expenses	(40,266)	(59,280)	(32.1)	(88,383)	(163,979)	(46.1)
Administrative expenses	(74,353)	(75,233)	(1.2)	(213,057)	(228,191)	(6.6)
Other operating expenses	(70,599)	-	NM	(130,454)	(50,350)	159.1
Finance costs	(113,874)	(208,521)	(45.4)	(527,484)	(634,657)	(16.9)
Share of results of associates	53,448	477,939	(88.8)	198,419	866,147	(77.1)
	(165)	(81)	103.7	(71)	35,125	(100.2)
Profit before income tax	53,283	477,858	(88.8)	198,348	901,272	(78.0)
Income tax benefit (expense)	187	(36,090)	(100.5)	49,233	(67,630)	(172.8)
Profit for the period	53,470	441,768	(87.9)	247,581	833,642	(70.3)
Profit attributable to:						
Owners of the Company	37,679	373,029	(89.9)	163,827	650,914	(74.8)
Non-controlling interests	15,791	68,739	(77.0)	83,754	182,728	(54.2)
	53,470	441,768	(87.9)	247,581	833,642	(70.3)

Consolidated Statement of Comprehensive Income

	Group					
	Third quarter ended		Increase/ (decrease)	Nine months ended		Increase/ (decrease)
	29.03.2015 to 28.06.2015	29.03.2014 to 28.06.2014		29.09.2014 to 28.06.2015	29.09.2013 to 28.06.2014	
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	53,470	441,768	(87.9)	247,581	833,642	(70.3)
Other comprehensive income:						
Exchange difference on translation of the Group's overseas operations	-	13,725	(100.0)	(166)	6,031	(102.8)
Gain on revaluation of property, plant and equipment	-	-	NM	1,656	3,325	(50.2)
Fair value change of available-for-sale investments	-	77,673	(100.0)	-	74,391	(100.0)
Total comprehensive income for the period	53,470	533,166	(90.0)	249,071	917,389	(72.9)
Total comprehensive income attributable to:						
Owners of the Company	37,679	460,325	(91.8)	165,670	732,541	(77.4)
Non-controlling interests	15,791	72,841	(78.3)	83,401	184,848	(54.9)
	53,470	533,166	(90.0)	249,071	917,389	(72.9)

	Group					
	Third quarter ended		Increase/ (decrease)	Nine months ended		Increase/ (decrease)
	29.03.2015 to 28.06.2015	29.03.2014 to 28.06.2014		29.09.2014 to 28.06.2015	29.09.2013 to 28.06.2014	
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Other operating income including interest income	35,722	354,760	(89.9)	206,331	578,938	(64.4)
Interest on borrowings	(113,874)	(208,521)	(45.4)	(527,484)	(634,657)	(16.9)
Amortisation of prepayment to suppliers	-	-	NM	-	(108,143)	(100.0)
Depreciation	(163,880)	(164,778)	(0.5)	(426,647)	(524,867)	(18.7)
Impairment loss on property, plant and equipment	-	-	NM	-	(31,192)	(100.0)
Cost of early redemption of senior notes	(43,875)	-	NM	(43,875)	-	NM
Loss on disposal of property, plant and equipment	(11,765)	(2,683)	338.5	(20,342)	(4,048)	402.5
Fair value changes of derivative financial instruments	1,715	27,495	(93.8)	(21,775)	19,640	(210.9)
Foreign exchange (losses) gains, net	(14,706)	50,834	(128.9)	53,860	150,264	(64.2)
Gain on disposal of interest in an associate (Note 1)	-	241,881	(100.0)	-	241,881	(100.0)

Note:

- Gain on disposal of interest in an associate represents the disposal of 18.09% equity interest in Tassal Group Limited in May 2014.
- 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	
	28.06.2015 HK\$'000	28.09.2014 HK\$'000	28.06.2015 HK\$'000	28.09.2014 HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,672,882	5,045,917	-	-
Investment properties	34,552	40,381	-	-
Goodwill	2,952,461	2,952,461	-	-
Receivables from/prepayment to suppliers	-	167,896	-	-
Available-for-sale investments	9,542	14,037	-	-
Interests in subsidiaries	-	-	8,671,328	7,569,842
Interests in associates	53,752	37,956	-	-
Other intangible assets	9,539,557	9,539,557	-	-
	<u>17,262,746</u>	<u>17,798,205</u>	<u>8,671,328</u>	<u>7,569,842</u>
CURRENT ASSETS				
Inventories	2,347,481	1,329,334	-	-
Trade and bills receivables	2,006,500	1,721,587	-	-
Other receivables and prepayments	6,854,785	9,452,739	-	1,770
Current portion of receivables from/prepayment to suppliers	480,832	850,200	-	-
Advances to suppliers	315,900	315,900	-	-
Held-for-trading investments	-	166,807	-	-
Derivative financial instruments	-	9,701	-	1,922
Prepaid income tax	80,644	56,444	-	-
Bank balances and cash	338,783	1,025,612	543	682
	<u>12,424,925</u>	<u>14,928,324</u>	<u>543</u>	<u>4,374</u>
CURRENT LIABILITIES				
Trade and other payables	366,685	413,425	42,217	23,924
Income tax payable	63,196	78,591	-	-
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	1,276	2,725	-	-
Derivative financial instruments	12,074	-	-	-
Current portion of interest-bearing bank borrowings	3,921,080	6,347,618	-	-
	<u>4,364,311</u>	<u>6,842,359</u>	<u>42,217</u>	<u>23,924</u>
NET CURRENT ASSETS (LIABILITIES)	<u>8,060,614</u>	<u>8,085,965</u>	<u>(41,674)</u>	<u>(19,550)</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	2,697,389	2,935,685	-	-
Bonds	1,137,413	1,197,169	1,137,413	1,197,169
Long term payables	92,804	193,984	-	-
Senior notes	2,160,185	4,097,426	-	-
Deferred tax liabilities	2,330,342	2,398,259	-	-
	<u>8,418,133</u>	<u>10,822,523</u>	<u>1,137,413</u>	<u>1,197,169</u>
NET ASSETS	<u>16,905,227</u>	<u>15,061,647</u>	<u>7,492,241</u>	<u>6,353,123</u>
CAPITAL AND RESERVES				
Share capital	2,446,329	1,325,005	2,446,329	1,325,005
Reserves	10,097,143	9,929,073	5,045,912	5,028,118
Attributable to owners of the Company	12,543,472	11,254,078	7,492,241	6,353,123
Non-controlling interests	4,361,755	3,807,569	-	-
TOTAL EQUITY	<u>16,905,227</u>	<u>15,061,647</u>	<u>7,492,241</u>	<u>6,353,123</u>

Note: Prepayment to suppliers represent the prepayment made by China Fisheries International Limited (“CFIL”), a wholly-owned subsidiary of China Fishery Group Limited (“CFGF”), 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 28.06.2015		As at 28.09.2014	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
1,194,393	2,726,687	526,295	5,821,323

Amount repayable after one year

As at 28.06.2015		As at 28.09.2014	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
-	5,994,987	-	8,230,280

Details of any collateral

The inventory loans of Peruvian subsidiaries of CFGL are pledged by its fishmeal inventories in Peru with net carrying value of approximately HK\$1,012.5 million (28.09.2014: HK\$386.0 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	
	29.03.2015 to 28.06.2015 HK\$'000	29.03.2014 to 28.06.2014 HK\$'000	29.09.2014 to 28.06.2015 HK\$'000	29.09.2013 to 28.06.2014 HK\$'000
Operating activities				
Profit before income tax	53,283	477,858	198,348	901,272
Adjustments for:				
Share of results of associates	165	81	71	(35,125)
Interest expense	113,874	208,521	527,484	634,657
Interest income	(316)	-	(1,149)	(10)
Amortisation of prepayment to suppliers	-	-	-	108,143
Depreciation	163,880	164,778	426,647	524,867
Impairment loss on property, plant and equipment	-	-	-	31,192
Loss on disposal of property, plant and equipment	11,765	2,683	20,342	4,048
Cost of early redemption of senior notes	43,875	-	43,875	-
Gain on disposal of interest in an associate	-	(241,881)	-	(241,881)
Fair value changes of available-for-sale investments	774	(1,957)	3,994	936
Fair value changes of held-for-trading investments	-	-	3,706	-
Fair value changes of derivative financial instruments	(1,715)	(27,495)	21,775	(19,640)
Fair value changes of investment properties	-	-	1,246	(1,277)
Operating cash flows before movements in working capital	385,585	582,588	1,246,339	1,907,182
Inventories	(1,598,411)	159,596	(1,018,147)	(700,631)
Trade and bills receivables, other receivables and prepayments	158,079	(540,427)	2,313,041	(21,844)
Trade and other payables	20,604	(32,807)	(117,369)	(44,821)
Cash (used in) generated from operations	(1,034,143)	168,950	2,423,864	1,139,886
Interest paid	(121,360)	(115,789)	(620,899)	(537,406)
Income tax paid	(19,103)	(15,083)	(58,279)	(41,873)
Net cash (used in) from operating activities	(1,174,606)	38,078	1,744,686	560,607
Investing activities				
Interest received	316	-	1,149	10
Proceeds on disposal of available-for-sale investments	-	4,097	501	10,075
Proceeds on disposal of interest in an associate	-	690,822	-	690,822
Proceeds on disposal of property, plant and equipment	-	-	2,441	10,872
Proceeds on disposal of investment properties	4,417	-	4,417	-
Proceeds on disposal of held-for-trading investments	-	-	163,101	-
Dividend received from an associate	-	-	-	12,136
Repayment from prepayment to suppliers	-	468,000	537,264	468,000
Purchase of property, plant and equipment	(26,634)	(261,506)	(74,739)	(461,212)
Purchase of available-of-sale investments	-	(2,571)	-	(7,686)
Net cash outflow arising on acquisition of additional interests in subsidiaries	-	-	-	(55,603)
Net cash (used in) from investing activities	(21,901)	898,842	634,134	667,414
Financing activities				
Dividend paid	-	-	-	(88,386)
Dividend paid to non-controlling shareholders	-	-	-	(37,174)
Net cash advanced from (repayment to) Pacific Andes International Holdings Limited and its subsidiaries	97	(1,470)	(1,449)	(2,707)
Proceeds from issuing of shares on exercise of rights issue	-	-	1,143,752	-
Share issue expenses	(2,695)	-	(20,028)	-
Proceeds from shares issued by a subsidiary	470,785	-	470,785	-
Redemption of bonds	-	(710,938)	-	(710,938)
Redemption of senior notes	(1,993,875)	-	(1,993,875)	-
Bank advances drawn on bills and discounted trade receivables with insurance coverage repaid	-	-	-	(7,060)
Finance leases repaid	-	(8,097)	-	(23,804)
Net bank borrowings raised (repaid)	938,636	497,364	(2,665,050)	154,445
Decrease in pledged deposits	-	-	-	16
Net cash used in financing activities	(587,052)	(223,141)	(3,065,865)	(715,608)
Exchange difference arising on consolidation	-	(18,025)	-	(6,578)
Net (decrease) increase in cash and cash equivalents	(1,783,559)	713,779	(687,045)	512,413
Cash and cash equivalents at beginning of the period	2,114,453	418,075	1,017,939	607,994
Cash and cash equivalents at end of the period	330,894	1,113,829	330,894	1,113,829
Bank balances and cash	338,783	1,113,829	338,783	1,113,829
Bank overdrafts	(7,889)	-	(7,889)	-
	330,894	1,113,829	330,894	1,113,829

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 HKS'000	Share premium HKS'000	Capital reserve HKS'000	Investment revaluation reserve HKS'000	Properties revaluation reserve HKS'000	Currency exchange translation reserve HKS'000	Retained earnings HKS'000	Non-controlling interests HKS'000	Total HKS'000
Group									
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 S0.30 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	<u>1,325,005</u>	<u>4,318,455</u>	<u>286,577</u>	<u>-</u>	<u>62,787</u>	<u>9,130</u>	<u>4,592,486</u>	<u>3,721,493</u>	<u>14,315,933</u>
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>
Balance at 28 September 2014	1,325,005	4,318,455	286,577	-	68,141	15,705	5,240,195	3,807,569	15,061,647
Issue of shares on exercise of rights issue	1,121,324	22,428	-	-	-	-	-	-	1,143,752
Share issue expenses	-	(17,333)	-	-	-	-	-	-	(17,333)
Total comprehensive income for the period	-	-	-	-	2,009	(166)	126,148	67,610	195,601
Balance at 28 March 2015	<u>2,446,329</u>	<u>4,323,550</u>	<u>286,577</u>	<u>-</u>	<u>70,150</u>	<u>15,539</u>	<u>5,366,343</u>	<u>3,875,179</u>	<u>16,383,667</u>
Share issue expenses	-	(2,695)	-	-	-	-	-	-	(2,695)
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	470,785	470,785
Release upon disposal of investment properties	-	-	-	-	-	(409)	409	-	-
Total comprehensive income for the period	-	-	-	-	-	-	37,679	15,791	53,470
Balance at 28 June 2015	<u>2,446,329</u>	<u>4,320,855</u>	<u>286,577</u>	<u>-</u>	<u>70,150</u>	<u>15,130</u>	<u>5,404,431</u>	<u>4,361,755</u>	<u>16,905,227</u>

	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Company				
Balance at 28 September 2013	1,325,005	4,318,455	222,730	5,866,190
Final dividend of \$0.30 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
Balance at 28 September 2014	1,325,005	4,318,455	709,663	6,353,123
Issue of shares on exercise of rights issue	1,121,324	22,428	-	1,143,752
Share issue expenses	-	(17,333)	-	(17,333)
Total comprehensive income for the period	-	-	4,452	4,452
Balance at 28 March 2015	2,446,329	4,323,550	714,115	7,483,994
Share issue expenses	-	(2,695)	-	(2,695)
Total comprehensive income for the period	-	-	10,942	10,942
Balance at 28 June 2015	2,446,329	4,320,855	725,057	7,492,241

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 2015. (Third quarter ended 28 June 2014: no shares issued)

The Company did not make any purchases of its shares during the third quarter ended 28 June 2015 (Third quarter ended 28 June 2014: Nil).

Save as disclosed above, the Company did not have any outstanding convertibles and treasury shares as at 28 June 2015 (28.06.2014: 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 8,623,786,208 shares (28.09.2014: 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 2014.

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	
	29.03.2015 to 28.06.2015	29.03.2014 to 28.06.2014	29.09.2014 to 28.06.2015	29.09.2013 to 28.06.2014
(i) Based on weighted average number of ordinary shares in issue	HK 0.44 cents	HK 7.66 cents	HK 2.31 cents	HK 13.36 cents
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,623,786,208	4,872,715,022	7,098,625,396	4,872,715,022
(ii) Based on a fully diluted basis	HK 0.44 cents	HK 7.66 cents	HK 2.31 cents	HK 13.36 cents
Weighted average number of ordinary shares used in calculation of diluted earnings per share	8,623,786,208	4,872,715,022	7,098,625,396	4,872,715,022

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the third quarter and nine months ended 28 June 2014 and 28 June 2015 respectively has been adjusted by incorporating the effects of rights issue during the period ended 28 March 2015.

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.

	Group		Company	
	28.06.2015	28.09.2014	28.06.2015	28.09.2014
Net asset backing per ordinary share based on existing issued share capital as at the end of period reported on	HK\$1.45	HK\$2.35	HK\$0.87	HK\$1.33

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.

Business Review

The Group continues to prioritize the strengthening of its balance sheet through reduction in borrowings and interest expense. Our efforts have delivered solid results, with year-on-year reduction in interest expense of 45.4% and in borrowings of 27.7%. With our continued focus on enhancing the Group's capital structure, the net-debt-to-equity ratio improved from 90.0% to 56.7% over the first nine months of FY2015.

We have also benefited from higher margins as a result of the sharp fall in global oil prices. The Brent Crude Oil price fell from over US\$110/barrel in June 2014 to approximately US\$62/barrel in June 2015, which reduced our overall operating costs.

It has been a key focus of the Group's Frozen Fish Supply Chain Management ("SCM") Division to reduce its working capital requirements. Therefore, the trading business has been operating in a manner which avoids the need to hold long term inventories. This has led to lower sales volume. Nonetheless, the division has achieved a marginally increased contribution to Group revenue year-on-year.

For the Fishery and Fish Supply Division, we saw significant increase in the overall anchovy catch volume in Peru. With a Total Allowable Catch ("TAC") of 2.58 million tonnes for the 2015 A Season (2.53 million tonnes in 2014 A Season) for the North Centre Anchovy fishery, fishing commenced strongly in April 2015. As at the end of the quarter, we had caught 421,800 tons or 97% of our fishing quota and completed 100% of the quota by early July 2015. The Group caught 31,179 tons in the South fishery during the quarter, which is 14 times the catch in the same quarter in 2014.

With the normalization of fishmeal production in Peru from April 2015, the market price for fishmeal appears to have stabilized at US\$1,600/ton in mid-June 2015. This is despite a temporary softening of demand for fishmeal in China during the quarter, a result of the sustained heavy rainfall in southern China which has delayed the commencement of the aquaculture season in several major production regions. That notwithstanding, the price of US\$1,600 per ton is still above the average price of US\$1,468 over the last 5 years.

During the 2015 A Season, a continued focus on cost control in our Peruvian operations has delivered positive results. Production efficiencies have driven a reduction in production cost from US\$1,340 to US\$1,224 per ton of fishmeal.

Financial Review

Income Statement

3QFY2015 (3 months ended 28 June 2015) vs 3QFY2014 (3 months ended 28 June 2014)

Group revenue decreased by 6.6% from HK\$2,195.9 million to HK\$2,052.0 million and net profit decreased by 87.9% from HK\$441.8 million to HK\$53.5 million. The fall in profit was due primarily to:

1. Lower sales volume of fishmeal and fish oil due to cancellation of the 2014 B Season;
2. Lower sales volume of fishmeal and fish oil due to only 61% utilization of quota in the 2014 A Season;
3. Absence of the gain on the disposal of equity interest in Tassal Group Limited which was recorded in 3QFY2014; and
4. Cost associated with the early redemption of the Copeinca Notes in 3QFY2015.

Revenue from the Fishery and Fish Supply Division, which accounted for 51.8% of total revenue, decreased by 12.1% from HK\$1,208.8 million to HK\$1,062.7 million, due mainly to lower sales from the Peruvian Fishmeal Operations. Sales of our production during the 2015 A Season (which started in April 2015) commenced towards the end of the quarter under review as usual. Due to the cancellation of 2014 B fishing season, there was no inventory brought forward from the previous quarter, for sale in this quarter.

Revenue from the Frozen Fish SCM Division, which accounted for 48.2% of total revenue, increased marginally by 0.2% from HK\$987.1 million to HK\$989.3 million despite a drop in sales volume.

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

Destination	% of Total Revenue	
	3QFY2015	3QFY2014
The PRC	78%	67%
Europe	15%	16%
Africa	3%	3%
South America	3%	3%
East Asia	1%	10%
Others	-	1%
	100%	100%

Cost of sales increased by 0.3% from HK\$1,729.7 million to HK\$1,735.2 million.

Gross profit decreased by 32.0% from HK\$466.2 million to HK\$316.8 million. Gross profit margin reduced from 21.2% to 15.4%. This was due primarily to lower contribution from the FFS Division which generally has higher gross profit margin.

Other operating income decreased by 89.9% from HK\$354.8 million to HK\$35.7 million, due primarily to the gain on the disposal of equity interest in Tassal Group Limited being recorded in 3QFY2014.

Selling and distribution expenses decreased by 32.1% from HK\$59.3 million to HK\$40.3 million, due primarily to lower sales volume.

Other operating expenses during 3QFY2015 was HK\$70.6 million which mainly consisted of cost related to redemption of Copeinca Notes.

EBITDA decreased by 54.7% from HK\$835.1 million to HK\$378.1 million, reflecting the absence of a one-off gain from the disposal of equity interest in Tassal recorded in 3QFY2014.

Finance costs decreased by 45.4% from HK\$208.5 million to HK\$113.9 million, due primarily to loan repayment and the redemption of Copeinca Notes.

Net profit decreased by 87.9% from HK\$441.8 million to HK\$53.5 million.

9MFY2015 (9 months ended 28 June 2015) vs 9MFY2014 (9 months ended 28 June 2014)

Group revenue decreased by 24.5% from HK\$6,855.9 million to HK\$5,178.9 million and net profit decreased by 70.3% from HK\$833.6 million to HK\$247.6 million. The fall in profit was due primarily to:

1. Lower sales volume of fishmeal and fish oil due to only 61% utilization of quota in the 2014 A Season;
2. Sales of the 2015 A Season production were commenced towards the end of the quarter under review;
3. Absence of the gain on the disposal of equity interest in Tassal Group Limited which was recorded in 3QFY2014; and
4. Cost associated with the early redemption of the Copeinca Notes in 3QFY2015.

Revenue from the Fishery and Fish Supply Division, which accounted for 50.7% of total revenue, decreased by 29.8% from HK\$3,744.5 million to HK\$2,627.5 million. This was due primarily to lower sales volume in the Contract Supply Business and Peruvian Fishmeal Operations.

Revenue from the Frozen Fish SCM Division, which accounted for 49.3% of total revenue, decreased by 18.0% from HK\$3,111.4 million to HK\$2,551.4 million. Higher average selling prices of products were able to partially offset the drop in sales volume.

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

Destination	% of Total Revenue	
	9MFY2015	9MFY2014
The PRC	71%	74%
Europe	16%	11%
Africa	4%	3%
South America	3%	5%
East Asia	3%	5%
Others	3%	2%
	100%	100%

Gross profit decreased by 30.3% from HK\$1,364.4 million to HK\$951.5 million in line with lower revenue.

Other operating income decreased by 64.4% from HK\$578.9 million to HK\$206.3 million, due primarily to the gain on the disposal of equity interest in Tassal Group Limited being recorded in 3QFY2014.

Selling expenses decreased by 46.1% from HK\$164.0 million to HK\$88.4 million, due primarily to lower sales volume.

Other operating expenses increased by 159.1% from HK\$50.4 million to HK\$130.5 million, mainly representing the decrease in fair value of derivative financial instruments, cost of Copeinca Notes redemption and loss on disposal of idle vessels.

EBITDA decreased by 45.2% from HK\$2,246.4 million to HK\$1,230.0 million, reflecting the impact of the reduced revenue and the absence of the one-off gain from the disposal of equity interest in Tassal recorded in 9MFY2014.

Finance costs decreased by 16.9% from HK\$634.7 million to HK\$527.5 million, due primarily to loan repayment.

Net profit decreased by 70.3% from HK\$833.6 million to HK\$247.6 million.

Statement of Financial Position

As at 28 June 2015 vs as at 28 September 2014

Current assets decreased by 16.8% from HK\$14,928.3 million to HK\$12,424.9 million. This was mainly due to: i) collection of the other receivables; ii) refund from the former Long Term Supply Agreement ("LSA") suppliers; and iii) utilization of cash and proceeds from the Rights Issue to fully redeem the Copeinca Notes. Inventories increased by 76.6% from HK\$1,329.3 million to HK\$2,347.5 million, attributable primarily to the fishmeal and fish oil produced during the 2015 A Season in Peru.

Non-current assets decreased by 3.0% from HK\$17,798.2 million to HK\$17,262.7 million.

Current liabilities decreased by 36.2% from HK\$6,842.4 million to HK\$4,364.3 million due to term loan repayment.

Non-current liabilities decreased by 22.2% from HK\$10,822.5 million to HK\$8,418.1 million, attributable primarily to the redemption of the Copeinca Notes by China Fishery.

With our continued focus on enhancing the Group's capital structure, net-debt-to-equity ratio improved from 90.0% to 56.7%.

Cash Flow and Liquidity

3QFY2015

Net cash outflow from operations was HK\$1,174.6 million, mainly due to higher fishmeal inventories under the Fishery and Fish Supply Division. The Group spent HK\$26.6 million in investing activities for the maintenance capital expenditure on the Peruvian Fishmeal Operations. Net cash used in financing activities of HK\$587.1 million was predominately for the redemption of Copeinca Notes. The Group also had drawn inventory loans in Peru for working capital purposes.

9MFY2015

Net cash inflow from operations was HK\$1,744.7 million, due primarily to the collection of other receivables. Net cash generated from investing activities of HK\$634.1 million was due primarily to the refund received from the LSA suppliers. Capital expenditure is reduced to HK\$74.7 million in 9MFY2015. Net cash used in financing activities of HK\$3,065.9 million was due mainly to the repayment of bank loans and redemption of Copeinca Notes.

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 2015 results are consistent with the prospect statement disclosed to shareholders in the second quarter ended 28 March 2015 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.

Corporate Outlook

Looking ahead, we will continue to focus on increasing operational efficiencies, and prudent management and conservation of cash.

The Group's Frozen Fish SCM Division will continue to focus on reduction in borrowings and working capital requirements, operating in a manner which avoids the need to hold long term inventories. Therefore, we expect sales volume will decrease on a full year basis.

In Peru, the TAC for the 2015 B Season in the South Anchovy fishery was set at 450,000 tons. This is very encouraging as it means that the TAC for full year is 825,000 tons which is comparable to previous years. This indicates that fish stocks are currently healthy and of the same levels as earlier years. The season begins in August and will run until the end of December 2015.

Expert climatologists worldwide have raised the possibility of a severe El Niño in the second half of 2015. Given the irregularity of this weather phenomenon and the complexity of climate forecasting, at this point it is not possible to predict with any accuracy whether an El Niño event will occur, or its severity. If it were to develop, there would be an impact on the Peruvian anchovy catch in the Peruvian waters which would vary in line with the strength of the El Niño. The 2015 A Season was completed with higher catch volume. The 2015 B Season has just begun. We have taken a prudent approach and remain alert to any need to make appropriate operational adjustments.

Barring unforeseen circumstances, the management remains confident that FY2015 will be profitable.

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 2015.

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)	
	29.09.2014 – 28.06.2015 HK\$'000	29.09.2013 – 28.06.2014 HK\$'000	29.09.2014 – 28.06.2015 HK\$'000	29.09.2013 – 28.06.2014 HK\$'000
Pacific Andes International Holdings Limited and its subsidiaries				
Administrative expenses	-	-	24,597	24,678
Interest expenses	43	71	-	-

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 3QFY2015 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 2015

15. SUPPLEMENTARY NOTES

Third quarter and nine months ended 28 June 2015 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 28.06.2015	29.03.2014 to 28.06.2014	29.09.2014 to 28.06.2015	29.09.2013 to 28.06.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	356,328	354,593	899,322	1,107,076
Cost of sales	(301,312)	(279,310)	(734,100)	(886,758)
Gross profit	55,016	75,283	165,222	220,318
Other operating income	6,203	57,286	35,829	93,486
Selling and distribution expenses	(6,992)	(9,572)	(15,348)	(26,479)
Administrative expenses	(12,911)	(12,148)	(36,997)	(36,848)
Other operating expenses	(12,260)	-	(22,653)	(8,130)
Finance costs	(19,774)	(33,672)	(91,598)	(102,483)
	9,282	77,177	34,455	139,864
Share of results of associates	(29)	(13)	(12)	5,672
Profit before income tax	9,253	77,164	34,443	145,536
Income tax (expense) benefit	32	(5,828)	8,549	(10,921)
Profit for the period	9,285	71,336	42,992	134,615
Profit attributable to:				
Owners of the Company	6,543	60,236	28,450	105,108
Non-controlling interests	2,742	11,100	14,542	29,507
	9,285	71,336	42,992	134,615

Consolidated Statement of Comprehensive Income

	Group			
	Third quarter ended		Nine months ended	
	29.03.2015 to 28.06.2015	29.03.2014 to 28.06.2014	29.09.2014 to 28.06.2015	29.09.2013 to 28.06.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Profit for the period	9,285	71,336	42,992	134,615
Other comprehensive income:				
Exchange difference on translation of the Group's overseas operations	-	2,216	(29)	974
Gain on revaluation of property, plant and equipment	-	-	288	537
Fair value change of available-for-sale investments	-	12,542	-	12,012
Total comprehensive income for the period	9,285	86,094	43,251	148,138
Total comprehensive income attributable to:				
Owners of the Company	6,543	74,332	28,768	118,289
Non-controlling interests	2,742	11,762	14,483	29,849
	9,285	86,094	43,251	148,138

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

	Group		Group	
	28.06.2015 HK\$'000	28.09.2014 HK\$'000	28.06.2015 S\$'000	28.09.2014 S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,672,882	5,045,917	811,447	827,349
Investment properties	34,552	40,381	6,000	6,621
Goodwill	2,952,461	2,952,461	512,696	484,097
Receivables from/prepayment to suppliers	-	167,896	-	27,529
Available-for-sale investments	9,542	14,037	1,657	2,302
Interests in associates	53,752	37,956	9,334	6,223
Other intangible assets	9,539,557	9,539,557	1,656,547	1,564,144
	<u>17,262,746</u>	<u>17,798,205</u>	<u>2,997,681</u>	<u>2,918,265</u>
CURRENT ASSETS				
Inventories	2,347,481	1,329,334	407,641	217,963
Trade and bills receivables	2,006,500	1,721,587	348,429	282,278
Other receivables and prepayments	6,854,785	9,452,739	1,190,335	1,549,909
Current portion of prepayment to suppliers	480,832	850,200	83,497	139,402
Advances to suppliers	315,900	315,900	54,856	51,796
Held-for-trading investments	-	166,807	-	27,350
Derivative financial instruments	-	9,701	-	1,591
Prepaid income tax	80,644	56,444	14,004	9,255
Bank balances and cash	338,783	1,025,612	58,830	168,163
	<u>12,424,925</u>	<u>14,928,324</u>	<u>2,157,592</u>	<u>2,447,707</u>
CURRENT LIABILITIES				
Trade and other payables	366,685	413,425	63,675	67,787
Income tax payable	63,196	78,591	10,974	12,886
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	1,276	2,725	222	447
Derivative financial instruments	12,074	-	2,097	-
Current portion of interest-bearing bank borrowings	3,921,080	6,347,618	680,897	1,040,781
	<u>4,364,311</u>	<u>6,842,359</u>	<u>757,865</u>	<u>1,121,901</u>
NET CURRENT ASSETS				
	<u>8,060,614</u>	<u>8,085,965</u>	<u>1,399,727</u>	<u>1,325,806</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	2,697,389	2,935,685	468,402	481,347
Bonds	1,137,413	1,197,169	197,512	196,293
Long term payables	92,804	193,984	16,115	31,806
Senior notes	2,160,185	4,097,426	375,117	671,830
Deferred tax liabilities	2,330,342	2,398,259	404,665	393,228
	<u>8,418,133</u>	<u>10,822,523</u>	<u>1,461,811</u>	<u>1,774,504</u>
NET ASSETS				
	<u>16,905,227</u>	<u>15,061,647</u>	<u>2,935,597</u>	<u>2,469,567</u>
CAPITAL AND RESERVES				
Share capital	2,446,329	1,325,005	424,806	217,253
Reserves	10,097,143	9,929,073	1,753,371	1,628,010
Attributable to owners of the Company	12,543,472	11,254,078	2,178,177	1,845,263
Non-controlling interests	4,361,755	3,807,569	757,420	624,304
TOTAL EQUITY	<u>16,905,227</u>	<u>15,061,647</u>	<u>2,935,597</u>	<u>2,469,567</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	
	29.03.2015 to 28.06.2015	29.03.2014 to 28.06.2014	29.09.2014 to 28.06.2015	29.09.2013 to 28.06.2014
(i) Based on weighted average number of ordinary shares in issue	S 0.08 cents	S 1.24 cents	S 0.40 cents	S 2.16 cents
(ii) Based on a fully diluted basis	S 0.08 cents	S 1.24 cents	S 0.40 cents	S 2.16 cents

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the third quarter and nine months ended 28 June 2014 and 28 June 2015 respectively has been adjusted by incorporating the effects of rights issue during the period ended 28 March 2015.

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			
	28.06.2015	28.09.2014	28.06.2015	28.09.2014
	HK\$	HK\$	S\$	S\$
Net asset backing per ordinary share based on existing issued share capital as at the end of period reported on	1.45	2.35	0.25	0.39

*** Exchange Rate**

As at 28.06.2015: S\$ 1 = HK\$5.7587

As at 28.09.2014: S\$ 1 = HK\$6.0989

Third quarter ended 28.06.2015: S\$ 1 = HK\$5.7587

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