PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

Second Quarter and First Half Year Unaudited Financial Statement for the Period Ended 28 March 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 second quarter and first half year ended 28 March 2014

	Group					
	Second quarter ended			First half year ended		
	29.12.2013 to 28.03.2014	29.12.2012 to 28.03.2013	Increase/ (decrease)	29.09.2013 to 28.03.2014	29.09.2012 to 28.03.2013	Increase/ (decrease)
	HK$'000	HK$'000	%	HK$'000	HK$'000	%
Revenue	2,233,747	2,490,654	(10.3)	4,659,977	4,869,081	(4.3)
Cost of sales	(1,733,478)	(1,961,232)	(11.6)	(3,761,804)	(4,057,954)	(7.3)
Gross profit	500,269	529,422	(5.5)	898,173	811,127	10.7
Other operating income	139,014	126,338	10.0	224,178	311,226	(28.0)
Selling and distribution expenses	(57,395)	(102,744)	(44.1)	(104,699)	(161,532)	(35.2)
Administrative expenses	(84,056)	(61,204)	37.3	(151,003)	(98,892)	52.7
Other operating expenses	(4,563)	(6,259)	(27.1)	(52,305)	(14,239)	267.3
Finance costs	(223,805)	(145,333)	54.0	(426,136)	(286,335)	48.8
	269,464	340,220	(20.8)	388,208	561,355	(30.8)
Share of results of associates	35,326	30,270	16.7	35,206	29,037	21.2
Profit before income tax	304,790	370,490	(17.7)	423,414	590,392	(28.3)
Income tax (expense) benefit	(58,068)	83,054	(169.9)	(31,540)	106,805	(129.5)
Profit for the period	246,722	453,544	(45.6)	391,874	697,197	(43.8)
Profit attributable to:						
Owners of the Company	174,130	322,168	(46.0)	277,885	521,139	(46.7)
Non-controlling interests	72,592	131,376	(44.7)	113,989	176,058	(35.3)
	246,722	453,544	(45.6)	391,874	697,197	(43.8)

Consolidated Statement of Comprehensive Income

	Group					
	Second quarter ended			First half year ended		
	29.12.2013 to 28.03.2014	29.12.2012 to 28.03.2013	Increase/ (decrease)	29.09.2013 to 28.03.2014	29.09.2012 to 28.03.2013	Increase/ (decrease)
	HK$'000	HK$'000	%	HK$'000	HK$'000	%
Profit for the period	246,722	453,544	(45.6)	391,874	697,197	(43.8)
Other comprehensive income:						
Exchange difference on translation of the Group's overseas operations	1,994	395	404.8	(7,694)	395	(2,047.8)
Gain on revaluation of property, plant and equipment	3,325	2,250	47.8	3,325	2,250	47.8
Fair value change of available-for-sale investments	-	10,957	(100.0)	(3,282)	15,226	(121.6)
Total comprehensive income for the period	252,041	467,146	(46.0)	384,223	715,068	(46.3)
Total comprehensive income attributable to:						
Owners of the Company	181,605	329,202	(44.8)	272,216	532,442	(48.9)
Non-controlling interests	70,436	137,944	(48.9)	112,007	182,626	(38.7)
	252,041	467,146	(46.0)	384,223	715,068	(46.3)

	Group					
	Second quarter ended			First half year ended		
	29.12.2013 to 28.03.2014	29.12.2012 to 28.03.2013	Increase/ (decrease)	29.09.2013 to 28.03.2014	29.09.2012 to 28.03.2013	Increase/ (decrease)
	HK$'000	HK$'000	%	HK$'000	HK$'000	%
Other operating income including interest income	139,014	126,338	10.0	224,178	311,226	(28.0)
Interest on borrowings	(223,805)	(145,333)	54.0	(426,136)	(286,335)	48.8
Amortisation of prepayment to suppliers	(48,733)	(59,410)	(18.0)	(108,143)	(118,820)	(9.0)
Depreciation	(180,027)	(191,392)	(5.9)	(360,089)	(360,807)	(0.2)
Impairment loss on property, plant and equipment	(101)	-	NM	(31,192)	-	NM
Gain (loss) on disposal of property, plant and equipment	6,349	-	NM	(1,365)	-	NM
Fair value changes of derivative financial instrument	(22,975)	80,274	(128.6)	(7,855)	188,204	(104.2)
Foreign exchange gains, net	83,366	38,333	117.5	107,285	58,286	84.1

Note:

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	
	28.03.2014 HK$'000	28.09.2013 HK$'000	28.03.2014 HK$'000	28.09.2013 HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	5,081,749	5,300,991	-	-
Investment properties	53,026	52,135	-	-
Goodwill	2,952,461	2,952,461	-	-
Prepayment to suppliers	557,896	1,786,916	-	-
Available-for-sale investments	18,355	25,393	-	-
Interests in subsidiaries	-	-	6,315,601	5,874,373
Interests in associates	565,685	542,615	-	-
Other intangible assets	9,539,557	9,539,557	-	-
	18,768,729	20,200,068	6,315,601	5,874,373
CURRENT ASSETS				
Inventories	1,784,012	923,785	-	-
Trade and bills receivables	2,169,364	1,832,860	-	-
Other receivables and prepayments	6,465,049	7,320,136	-	-
Current portion of prepayment to suppliers	1,326,000	205,123	-	-
Advances to suppliers	315,900	315,900	-	-
Interests in subsidiaries	-	-	725,899	731,044
Prepaid income tax	51,206	99,513	-	-
Pledged deposits	95	111	-	-
Bank balances and cash	425,883	615,771	3,419	841
	12,537,509	11,313,199	729,318	731,885
CURRENT LIABILITIES				
Trade and other payables	355,297	308,082	14,957	15,832
Income tax payable	44,181	22,057	-	-
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	4,134	5,371	-	-
Derivative financial instruments	62,567	54,712	20,491	2,760
Bonds	714,648	721,476	714,648	721,476
Bank advances drawn on bills	-	7,060	-	-
Current portion of finance leases	18,110	30,151	-	-
Current portion of interest-bearing bank borrowings	6,032,289	7,897,734	-	-
	7,231,226	9,046,643	750,096	740,068
NET CURRENT ASSETS (LIABILITIES)	5,306,283	2,266,556	(20,778)	(8,183)
NON-CURRENT LIABILITIES				
Finance leases	-	3,666	-	-
Interest-bearing bank borrowings	3,080,537	1,557,980	-	-
Long term payables	190,118	237,011	-	-
Senior notes	4,086,576	4,080,896	-	-
Deferred tax liabilities	2,408,517	2,474,198	-	-
	9,765,748	8,353,751	-	-
NET ASSETS	14,309,264	14,112,873	6,294,823	5,866,190
CAPITAL AND RESERVES				
Share capital	1,325,005	1,325,005	1,325,005	1,325,005
Reserves	9,262,766	9,078,936	4,969,818	4,541,185
Attributable to owners of the Company	10,587,771	10,403,941	6,294,823	5,866,190
Non-controlling interests	3,721,493	3,708,932	-	-
TOTAL EQUITY	14,309,264	14,112,873	6,294,823	5,866,190

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 28.03.2014		As at 28.09.2013	
Secured	Unsecured	Secured	Unsecured
HK$'000	HK$'000	HK$'000	HK$'000
224,963	6,540,084	203,447	8,452,974

Amount repayable after one year

As at 28.03.2014		As at 28.09.2013	
Secured	Unsecured	Secured	Unsecured
HK$'000	HK$'000	HK$'000	HK$'000
-	7,167,113	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$25.0 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$94.1 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.

	Second quarter ended		First half year ended	
	29.12.2013 to 28.03.2014 HK$'000	29.12.2012 to 28.03.2013 HK$'000	29.09.2013 to 28.03.2014 HK$'000	29.09.2012 to 28.03.2013 HK$'000
Operating activities				
Profit before income tax	304,790	370,490	423,414	590,392
Adjustments for:				
Share of results of associates	(35,326)	(30,270)	(35,206)	(29,037)
Interest expense	225,694	145,333	428,025	286,335
Interest income	-	(79)	(10)	(146)
Provision for claims	8,065	-	25,139	-
Amortisation of prepayment to suppliers	48,733	59,410	108,143	118,820
Depreciation	180,027	191,392	360,089	360,807
Impairment loss on property, plant and equipment	101	-	31,192	-
(Gain) loss on disposal of property, plant and equipment	(6,349)	-	1,365	-
Fair value changes of available-for-sale investment	976	2,453	2,893	2,781
Gain on bargain purchase on acquisition of additional interests in subsidiaries	(3,611)	-	(6,669)	-
Fair value changes of derivative financial instruments	22,975	(80,274)	7,855	(188,204)
Fair value changes of investment properties	(1,277)	625	(1,277)	625
Operating cash flows before movements in working capital	744,798	659,080	1,344,953	1,142,373
Inventories	(120,566)	(260,171)	(860,227)	345,673
Trade and bills receivables, other receivables and prepayments	(211,608)	2,659,365	518,583	2,626,628
Trade and other payables	(9,749)	(52,156)	(30,484)	(114,160)
Cash generated from operations	402,875	3,006,118	972,825	4,000,514
Interest paid	(319,019)	(176,992)	(423,506)	(264,627)
Income tax (paid) refund	(23,665)	8,151	(26,790)	13,517
Net cash from operating activities	60,191	2,837,277	522,529	3,749,404
Investing activities				
Interest received	-	79	10	146
Proceeds on disposal of available-for-sale investments	5,978	4,683	5,978	7,740
Proceeds on disposal of property, plant and equipment	459	-	10,872	-
Dividend received from an associate	12,136	10,213	12,136	10,213
Additions to prepayment to suppliers	-	-	-	(1,170,000)
Purchase of property, plant and equipment	(138,610)	(55,181)	(199,706)	(88,947)
Purchase of available-of-sale investments	(5,115)	(531,098)	(5,115)	(531,098)
Net cash outflow arising on acquisition of additional interests in subsidiaries	(13,811)	-	(55,603)	-
Net cash used in investing activities	(138,963)	(571,304)	(231,428)	(1,771,946)
Financing activities				
Dividend paid	(88,386)	(90,083)	(88,386)	(90,083)
Dividend paid to non-controlling shareholders	(37,174)	(36,636)	(37,174)	(36,636)
Net cash (repayment to) advanced from Pacific Andes International Holdings Limited and its subsidiaries	(46)	(4,843)	(1,237)	951
Bank advances drawn on bills and discounted trade receivables with insurance coverage repaid	-	-	(7,060)	-
Finance leases repaid	(7,934)	(7,312)	(15,707)	(14,476)
Net bank borrowings raised (repaid)	15,715	(410,499)	(342,919)	(254,613)
Decrease (increase) in pledged deposits	15	(84)	16	(99)
Net cash used in financing activities	(117,810)	(549,457)	(492,467)	(394,956)
Exchange difference arising on consolidation	11,447	-	11,447	-
Net (decrease) increase in cash and cash equivalents	(196,582)	1,716,516	(201,366)	1,582,502
Cash and cash equivalents at beginning of the period	603,210	303,498	607,994	437,512
Cash and cash equivalents at end of the period	418,075	2,020,014	418,075	2,020,014
Bank balances and cash	425,883	2,026,248	425,883	2,026,248
Bank overdrafts	(7,808)	(6,234)	(7,808)	(6,234)
	418,075	2,020,014	418,075	2,020,014

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
Total comprehensive income for the period	-	-	-	4,269	-	-	198,971	44,682	247,922
Balance at 28 December 2012	1,325,005	4,318,455	279,908	4,269	52,841	(4,529)	3,914,785	2,785,659	12,676,393
Total comprehensive income for the period	-	-	-	4,550	2,089	395	322,168	137,944	467,146
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(36,636)	(36,636)
Final dividend of S0.30 cent per ordinary share in respect of year ended 28.09.2012	-	-	-	-	-	-	(90,083)	-	(90,083)
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
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
Total comprehensive income for the period	-	-	-	(3,282)	-	(9,862)	103,755	41,571	132,182
Non-controlling interests arising from acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	(44,850)	(44,850)
Balance at 28 December 2013	1,325,005	4,318,455	279,908	-	60,573	3,869	4,506,742	3,705,653	14,200,205
Total comprehensive income for the period	-	-	-	-	2,214	5,261	174,130	70,436	252,041
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(37,174)	(37,174)
Non-controlling interests arising from acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	(17,422)	(17,422)
Final dividend of S0.30 cent per ordinary share in respect of year ended 28.09.2013	-	-	-	-	-	-	(88,386)	-	(88,386)
Balance at 28 March 2014	1,325,005	4,318,455	279,908	-	62,787	9,130	4,592,486	3,721,493	14,309,264

	Share capital HK$'000	Share premium HK$'000	Other reserve 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
Total comprehensive income for the period	-	-	-	5,172	5,172
Balance at 28 December 2012	1,325,005	4,318,455	-	270,945	5,914,405
Total comprehensive income for the period	-	-	-	3,448	3,448
Final dividend of S0.30 cent per ordinary share in respect of year ended 28.09.2012	-	-	-	(90,083)	(90,083)
Balance at 28 March 2013	1,325,005	4,318,455	-	184,310	5,827,770
Balance at 28 September 2013	1,325,005	4,318,455	-	222,730	5,866,190
Total comprehensive income for the period	-	-	-	9,533	9,533
Balance at 28 December 2013	1,325,005	4,318,455	-	232,263	5,875,723
Total comprehensive income for the period	-	-	-	507,486	507,486
Final dividend of S0.30 cent per ordinary share in respect of year ended 28.09.2013	-	-	-	(88,386)	(88,386)
Balance at 28 March 2014	1,325,005	4,318,455	-	651,363	6,294,823

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 second quarter ended 28 March 2014 (Second quarter ended 28 March 2013: no shares issued)

The Company did not make any purchases of its shares during the second quarter ended 28 March 2014 (Second quarter ended 28 March 2013: Nil).

Save as disclosed above, the Company did not have any outstanding convertibles and treasury shares as at 28 March 2014 (28.03.2013: 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			
	Second quarter ended		First half year ended	
	29.12.2013 to 28.03.2014	29.12.2012 to 28.03.2013	29.09.2013 to 28.03.2014	29.09.2012 to 28.03.2013
(i) Based on weighted average number of ordinary shares in issue	HK 3.63 cents	HK 6.72 cents	HK 5.80 cents	HK 10.88 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 3.63 cents	HK 6.72 cents	HK 5.80 cents	HK 10.88 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.

	Group		Company	
	28.03.2014	28.09.2013	28.03.2014	28.09.2013
Net asset backing per ordinary share based on existing issued share capital as at the end of period reported on	HK$2.21	HK$2.17	HK$1.31	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

2QFY2014 (3 months ended 28 March 2014) vs 2QFY2013 (3 months ended 28 March 2013)

The Group's revenue decreased by 10.3% from HK$2,490.7 million to HK$2,233.7 million, as growth in the Fishery and Fish Supply Division was more than offset by lower sales in the Frozen Fish Supply Chain Management ("SCM") Division.

Revenue from the Frozen Fish SCM Division, which accounted for 37.2% of total revenue, decreased by 32.0% from HK$1,221.6 million to HK$830.7 million, mainly attributable to lower sales volume.

Revenue from the Fishery and Fish Supply Division, which accounted for 62.8% of total revenue, increased by 10.6% from HK$1,269.1 million to HK$1,403.1 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$1,560.3 million, accounting for 69.9% of total revenue. Sales to Europe amounted to HK$213.2 million, accounting for 9.5% of total revenue, and East Asia accounted for 3.0% of total revenue at HK$67.0 million. Sales to South America accounted for 12.0% of total revenue at HK$267.0 million. Africa and other markets accounted for the remaining 5.6% or HK$126.3 million of total revenue.

Gross profit margins increased from 21.3% to 22.4% despite a 5.5% drop in gross profit from HK$529.4 million to HK$500.3 million. The higher gross profit margin was primarily attributable to higher contribution from the Fishery and Fish Supply Division.

Other operating income increased by 10.0% from HK$126.3 million to HK$139.0 million. This was mainly attributable to realized gains from foreign exchange derivative contracts on hedging of receivables.

Selling and distribution expenses decreased by 44.1% from HK$102.7 million to HK$57.4 million, in line with lower total sales volume.

Administrative expenses increased by 37.3% from HK$61.2 million to HK$84.1 million, due mainly to the consolidation of results from Copeinca AS ("Copeinca").

Finance costs increased by 54.0% from HK$145.3 million to HK$223.8 million. This increase was due mainly to the consolidation of senior notes issued by Copeinca and the term loan drawn by China Fishery Group to finance the acquisition of Copeinca.

EBITDA increased by 17.9% from HK$688.8 million to HK$812.3 million. EBITDA margin improved from 27.7% to 36.4%.

Net profit attributable to owners of the Company decreased by 46.0% from HK$322.2 million to HK$174.1 million. The decrease was mainly due to higher finance costs incurred during the period under review.

1HFY2014 (6 months ended 28 March 2014) vs 1HFY2013 (6 months ended 28 March 2013)

Group revenue decreased by 4.3% from HK$4,869.1 million to HK$4,660.0 million.

Revenue from the Frozen Fish SCM Division, which accounted for 45.6% of total revenue, decreased by 22.9% from HK$2,757.0 million to HK$2,124.3 million due to lower sales volume.

Revenue from the Fishery and Fish Supply Division, which accounted for 54.4% of total revenue, increased by 20.1% from HK$2,112.1 million to HK$2,535.7 million. This was mainly attributed to contribution from the enlarged Peruvian Fishmeal Operations and a significant increase in the Total Allowable Catch ("TAC") of Peruvian Anchovy for the 2013 second fishing season. However, the higher contribution from the Peruvian Fishmeal Operations was partially offset by the drop in sales from the Contract Supply Business.

By market, the PRC remained as the Group's largest market with sales of HK$3,614.6 million, accounting for 77.6% of total revenue. This was followed by Europe with sales of HK$386.4 million, accounting for 8.3% of total revenue. Sales to East Asia amounted to HK$134.0 million, while sales to Africa amounted to HK$110.0 million. Sales to South America accounted for 6.4% of total revenue at HK$295.9 million. Sales to other markets accounted for the balance of 2.5% or HK$119.0 million of total revenue.

Gross profit increased by 10.7% from HK$811.1 million to HK$898.2 million, as a result of higher contribution from the enlarged Peruvian Fishmeal Operations.

Other operating income decreased by 28.0% from HK$311.2 million to HK$ 224.2 million. The decrease was primarily the result of reduced gain in fair value changes from derivative financial instruments.

Selling and distribution expenses decreased by 35.2% from HK$161.5 million to HK$104.7 million, in line with lower sales volume.

Administrative expenses increased by 52.7% from HK$98.9 million to HK$151.0 million, due mainly to the consolidation of results from Copeinca.

Finance costs increased by 48.8% from HK$286.3 million to HK$426.1 million, due mainly to consolidation of senior notes issued by Copeinca and the additional bank loan drawn to finance the acquisition of Copeinca.

EBITDA increased by 20.0% from HK$1,170.9 million to HK$1,404.6 million.

Net profit attributable to owners of the Company decreased by 46.7% from HK$521.1 million to HK$277.9 million.

Statement of Financial Position

As at 28 March 2014 vs as at 28 September 2013

Non-current assets decreased by 7.1% from HK$20,200.1 million to HK$18,768.7 million, due primarily to the 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.

Current assets increased by 10.8% from HK$11,313.2 million to HK$12,537.5 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 93.1% from HK$923.8 million to HK$1,784.0 million, primarily due to higher fishmeal and fish oil inventories after the end of the 2013 second fishing season.

Current liabilities decreased by 20.1% from HK$9,046.6 million to HK$7,231.2 million after the completion of the refinancing of the bridging loan.

Non-current liabilities increased by 16.9% from HK$8,353.8 million to HK$9,765.7 million, as a result of the debt refinancing which was completed in March 2014.

Net debt to equity ratio improved slightly from 97.0% to 94.4%.

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

The second quarter ended 28 March 2014 results are consistent with the prospect statement disclosed to shareholders in the first quarter ended 28 December 2013 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.

For the immediate future, the Group is focussed on consolidation and increasing the efficiency and effectiveness of its expanded operations.

The Peruvian Government has set the TAC for its 2014 first anchovy season at 2.53 million tons, a 23.4% increase from the 2.05 million tons for the same fishing season last year. The first fishing season started on 23 April 2014 and will run until the end of July 2014.

The privatisation of Copeinca which is expected to realise significant synergies in the Group's enlarged Peruvian Fishmeal Operations, was completed on 1 April 2014. This offers greater flexibility for the Group to realise synergies through the integration of the enlarged Peruvian Fishmeal Operations.

China Fishery Group Limited, the Group's subsidiary, has completed the refinancing of its bridge loan into a 4 year term loan to improve its liquidity. It intends to use the return of prepayments from the Contract Supply Business to fund the reduction of its outstanding debt.

Experts on climate have raised the possibility of an El Nino effect impacting the South Pacific Ocean later in 2014. Expert opinions vary as to the predicted likelihood or severity of El Nino if it occurs. If it were to develop, there would be an impact on the Peruvian anchovy catch in Peruvian waters which would vary in line with the strength of the El Nino. There are indications that the current catch in Peru is lower than anticipated, which may or may not indicate the early signs of El Nino. The Group will continue to monitor this situation and make any appropriate operational adjustments, if required.

Reviewing the sanctions announced to date against Russia by US/EU, and barring any new sanctions, management is of the view that any impact on the Group's performance is minimal.

Management remains committed to consolidation of its operations, reduction of the gearing of the Group and profitable growth.

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 second quarter ended 28 March 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.

	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$100,000)	
Name of interested person	29.09.2013 – 28.03.2014 HK$'000	29.09.2012 – 28.03.2013 HK$'000	29.09.2013 – 28.03.2014 HK$'000	29.09.2012 – 28.03.2013 HK$'000
Pacific Andes International Holdings Limited and its subsidiaries				
Administrative expenses	-	-	19,531	20,200
Interest expenses	50	56	-	-

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 2QFY2014 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	**Ng Joo Puay, Frank**
Chairman	*Managing Director*

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Company Secretary
12 May 2014

15. SUPPLEMENTARY NOTES

Second quarter and first half year ended 28 March 2014 in Singapore Dollars equivalent. These figures have not been audited.

1 (a) Consolidated Income Statement

	Group			
	Second quarter ended		First half year ended	
	29.12.2013 to 28.03.2014	29.12.2012 to 28.03.2013	29.09.2013 to 28.03.2014	29.09.2012 to 28.03.2013
	S$'000	S$'000	S$'000	S$'000
Revenue	362,557	397,291	756,355	776,679
Cost of sales	(281,359)	(312,841)	(610,573)	(647,295)
Gross profit	81,198	84,450	145,782	129,384
Other operating income	22,563	20,152	36,386	49,644
Selling and distribution expenses	(9,316)	(16,389)	(16,994)	(25,766)
Administrative expenses	(13,643)	(9,763)	(24,509)	(15,775)
Other operating expenses	(741)	(998)	(8,490)	(2,271)
Finance costs	(36,325)	(23,182)	(69,166)	(45,674)
	43,736	54,270	63,009	89,542
Share of results of associates	5,734	4,828	5,714	4,632
Profit before income tax	49,470	59,098	68,723	94,174
Income tax (expense) benefit	(9,425)	13,248	(5,119)	17,037
Profit for the period	40,045	72,346	63,604	111,211
Profit attributable to:				
Owners of the Company	28,263	51,390	45,103	83,128
Non-controlling interests	11,782	20,956	18,501	28,083
	40,045	72,346	63,604	111,211

Consolidated Statement of Comprehensive Income

	Group			
	Second quarter ended		First half year ended	
	29.12.2013 to 28.03.2014	29.12.2012 to 28.03.2013	29.09.2013 to 28.03.2014	29.09.2012 to 28.03.2013
	S$'000	S$'000	S$'000	S$'000
Profit for the period	40,045	72,346	63,604	111,211
Other comprehensive income:				
Exchange difference on translation of the Group's overseas operations	323	63	(1,249)	63
Gain on revaluation of property, plant and equipment	540	359	540	359
Fair value change of available-for-sale investments	-	1,748	(533)	2,429
Total comprehensive income for the period	40,908	74,516	62,362	114,062
Total comprehensive income attributable to:				
Owners of the Company	29,476	52,512	44,183	84,931
Non-controlling interests	11,432	22,004	18,179	29,131
	40,908	74,516	62,362	114,062

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

	Group		Group	
	28.03.2014	28.09.2013	28.03.2014	28.09.2013
	HK$'000	HK$'000	S$'000	S$'000
NON-CURRENT ASSETS				
Property, plant and equipment	5,081,749	5,300,991	824,812	854,544
Investment properties	53,026	52,135	8,607	8,404
Goodwill	2,952,461	2,952,461	479,210	475,950
Prepayment to suppliers	557,896	1,786,916	90,551	288,059
Available-for-sale investments	18,355	25,393	2,979	4,093
Interests in associates	565,685	542,615	91,816	87,472
Other intangible assets	9,539,557	9,539,557	1,548,353	1,537,820
	18,768,729	20,200,068	3,046,328	3,256,342
CURRENT ASSETS				
Inventories	1,784,012	923,785	289,561	148,918
Trade and bills receivables	2,169,364	1,832,860	352,107	295,465
Other receivables and prepayments	6,465,049	7,320,136	1,049,334	1,180,039
Current portion of prepayment to suppliers	1,326,000	205,123	215,221	33,067
Advances to suppliers	315,900	315,900	51,273	50,925
Prepaid income tax	51,206	99,513	8,311	16,042
Pledged deposits	95	111	15	18
Bank balances and cash	425,883	615,771	69,125	99,265
	12,537,509	11,313,199	2,034,947	1,823,739
CURRENT LIABILITIES				
Trade and other payables	355,297	308,082	57,668	49,664
Income tax payable	44,181	22,057	7,171	3,556
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	4,134	5,371	671	866
Derivative financial instruments	62,567	54,712	10,155	8,820
Bonds	714,648	721,476	115,994	116,305
Bank advances drawn on bills	-	7,060	-	1,138
Current portion of finance leases	18,110	30,151	2,939	4,860
Current portion of interest-bearing bank borrowings	6,032,289	7,897,734	979,093	1,273,150
	7,231,226	9,046,643	1,173,691	1,458,359
NET CURRENT ASSETS	5,306,283	2,266,556	861,256	365,380
NON-CURRENT LIABILITIES				
Finance leases	-	3,666	-	591
Interest-bearing bank borrowings	3,080,537	1,557,980	499,998	251,153
Long term payables	190,118	237,011	30,858	38,207
Senior notes	4,086,576	4,080,896	663,287	657,859
Deferred tax liabilities	2,408,517	2,474,198	390,923	398,852
	9,765,748	8,353,751	1,585,066	1,346,662
NET ASSETS	14,309,264	14,112,873	2,322,518	2,275,060
CAPITAL AND RESERVES				
Share capital	1,325,005	1,325,005	215,060	213,597
Reserves	9,262,766	9,078,936	1,503,427	1,463,566
Attributable to owners of the Company	10,587,771	10,403,941	1,718,487	1,677,163
Non-controlling interests	3,721,493	3,708,932	604,031	597,897
TOTAL EQUITY	14,309,264	14,112,873	2,322,518	2,275,060

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			
	Second quarter ended		First half year ended	
	29.12.2013 to 28.03.2014	29.12.2012 to 28.03.2013	29.09.2013 to 28.03.2014	29.09.2012 to 28.03.2013
(i) Based on weighted average number of ordinary shares in issue	S 0.59 cents	S 1.07 cents	S 0.94 cents	S 1.74 cents
(ii) Based on a fully diluted basis	S 0.59 cents	S 1.07 cents	S 0.94 cents	S 1.74 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			
	28.03.2014	28.09.2013	28.03.2014	28.09.2013
	HK$	HK$	S$	S$
Net asset backing per ordinary share based on existing issued share capital as at the end of period reported on	2.21	2.17	0.36	0.35

* Exchange Rate
As at 28.03.2014: S$ 1 = HK$6.1611
As at 28.09.2013: S$ 1 = HK$6.2033
Second quarter ended 28.03.2014: S$ 1 = HK$6.1611
Second quarter ended 28.03.2013: S$ 1 = HK$6.2691