



Pacific Andes Resources Development Reports Improvements in Efficiency and Strengthened Balance Sheet

- **Fishery and Fish Supply Division delivers significant increase in fishing catch**
- **Remains focused on consolidation, creating a lean and efficient organisation**

Singapore, 11 August 2015 - Pacific Andes Resources Development Limited (“PARD” or the “Group”) (SGX: P11.SI), a leading global frozen fish supplier with an integrated supply chain, today reported its third quarter (“3QFY2015”) and nine months (“9MFY2015”) for the financial year ending 28 September, 2015.

“We have been consistent in our focus on consolidation, continuing to strengthen our balance sheet through reduction in borrowings and interest expense. We have put a strong effort behind this objective and it is very pleasing to report a year-on-year reduction in interest expense of 45.4% and decrease in borrowings of 27.7%. In addition, even though inventories have been built in our Fishery and Fish Supply Division, through diligent management we have delivered a net-debt-to-equity ratio of 56.7% at the end of the first 9 months of FY2015,” said Mr Ng Joo Siang, Chairman of the Group.

The Group’s Fishery and Fish Supply (“FFS”) Division delivered a significantly increased Anchovy catch in its expanded Peruvian Fishmeal and Fish Oil operations during the important A Season in Peru. The Division caught 421,800 tons or 97% of its quota in the North Centre fishery by 28 June 2015, and completed 100% of the quota a few days later. The FFS Division caught 31,179 tons in the south fishery during the quarter, which is 14 times the catch in the same quarter in 2014.

“In addition to this increased catch of Anchovy, the Peruvian operations of the FFS Division have also delivered a reduction in production cost from US\$1,340 to US\$1,224 per ton of fishmeal,” Mr Ng said.

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.

The Group’s Frozen Fish Supply Chain Management (“SCM”) Division has been operating so as to avoid the need for large fish inventories in order to reduce its working capital requirements, resulting in a lower sales volume. Nonetheless, the Division has achieved a marginally increased contribution to Group revenue for the quarter, from HK\$987.1 million to HK\$989.3 million.

The Group’s 3QFY2015 revenue decreased 6.6% from HK\$2,195.9 million to HK\$2,052.0 million, and net profit declined by 87.9% from HK\$441.8 million to HK\$53.5 million. This profit result was primarily the

result of a number of factors, namely, the absence of the gain on the disposal of equity interest in Tassal Group Limited which was recorded in 3QFY2014, the low sales volume of Peruvian fishmeal and fish oil, the low sales volume of fishmeal and fish oil due to only 61% utilization of quota in the 2014 A Season and the cost associated with the early redemption of the Copeinca Notes in 3QFY2015.

Outlook

The Group will remain focused on consolidation of its expanded business, creating a lean and efficient organisation. The FFS Division will continue its work of integrating the expanded Peruvian operations, implementing common management and information systems, building a united workforce with a common culture, and at the same time delivering efficiencies and a reduction in borrowings and interest expense.

For the 2015 B Season in the South Anchovy fishery, the Peruvian Ministry of Production has set the Total Allowable Catch (TAC) 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.

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About PARD

PARD focuses on the development, marketing and distribution of fish and fish products. The Group integrates the entire supply chain, sourcing frozen seafood products from oceans all around the world. Besides providing a full range of at-sea transportation and logistical services to fishing companies, PARD also operates one of the world's most sizeable fishing fleets and fishmeal and fish oil processing facilities in some of the world's most important fishing grounds.

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