

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

Second Quarter and First Half Year Unaudited Financial Statement for the Period Ended 28 March 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 second quarter and first half year ended 28 March 2015

	Group					
	Second quarter ended		Increase/ (decrease) %	First half year ended		Increase/ (decrease) %
	29.12.2014 to 28.03.2015 HK\$'000	29.12.2013 to 28.03.2014 HK\$'000		29.09.2014 to 28.03.2015 HK\$'000	29.09.2013 to 28.03.2014 HK\$'000	
Revenue	1,315,166	2,233,747	(41.1)	3,126,942	4,659,977	(32.9)
Cost of sales	(989,579)	(1,733,478)	(42.9)	(2,492,294)	(3,761,804)	(33.7)
Gross profit	325,587	500,269	(34.9)	634,648	898,173	(29.3)
Other operating income	68,981	139,014	(50.4)	170,609	224,178	(23.9)
Selling and distribution expenses	(10,854)	(57,395)	(81.1)	(48,117)	(104,699)	(54.0)
Administrative expenses	(76,017)	(84,056)	(9.6)	(138,704)	(151,003)	(8.1)
Other operating expenses	(46,551)	(4,563)	920.2	(59,855)	(52,305)	14.4
Finance costs	(192,470)	(223,805)	(14.0)	(413,610)	(426,136)	(2.9)
	68,676	269,464	(74.5)	144,971	388,208	(62.7)
Share of results of associates	(65)	35,326	(100.2)	94	35,206	(99.7)
Profit before income tax	68,611	304,790	(77.5)	145,065	423,414	(65.7)
Income tax (expense) benefit	(2,652)	(58,068)	(95.4)	49,046	(31,540)	(255.5)
Profit for the period	65,959	246,722	(73.3)	194,111	391,874	(50.5)
Profit attributable to:						
Owners of the Company	45,666	174,130	(73.8)	126,148	277,885	(54.6)
Non-controlling interests	20,293	72,592	(72.0)	67,963	113,989	(40.4)
	65,959	246,722	(73.3)	194,111	391,874	(50.5)

Consolidated Statement of Comprehensive Income

Group

	Second quarter ended		Increase/ (decrease) %	First half year ended		Increase/ (decrease) %
	29.12.2014 to 28.03.2015	29.12.2013 to 28.03.2014		29.09.2014 to 28.03.2015	29.09.2013 to 28.03.2014	
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Profit for the period	65,959	246,722	(73.3)	194,111	391,874	(50.5)
Other comprehensive income:						
Exchange difference on translation of the Group's overseas operations	(166)	1,994	(108.3)	(166)	(7,694)	(97.8)
Gain on revaluation of property, plant and equipment	1,656	3,325	(50.2)	1,656	3,325	(50.2)
Fair value change of available-for-sale investments	-	-	NM	-	(3,282)	(100.0)
Total comprehensive income for the period	67,449	252,041	(73.2)	195,601	384,223	(49.1)
Total comprehensive income attributable to:						
Owners of the Company	47,509	181,605	(73.8)	127,991	272,216	(53.0)
Non-controlling interests	19,940	70,436	(71.7)	67,610	112,007	(39.6)
	67,449	252,041	(73.2)	195,601	384,223	(49.1)

Group

	Second quarter ended		Increase/ (decrease) %	First half year ended		Increase/ (decrease) %
	29.12.2014 to 28.03.2015	29.12.2013 to 28.03.2014		29.09.2014 to 28.03.2015	29.09.2013 to 28.03.2014	
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Other operating income including interest income	68,981	139,014	(50.4)	170,609	224,178	(23.9)
Interest on borrowings	(192,470)	(223,805)	(14.0)	(413,610)	(426,136)	(2.9)
Amortisation of prepayment to suppliers	-	(48,733)	(100.0)	-	(108,143)	(100.0)
Depreciation	(105,554)	(180,027)	(41.4)	(262,767)	(360,089)	(27.0)
Impairment loss on property, plant and equipment	-	(101)	(100.0)	-	(31,192)	(100.0)
(Loss) gain on disposal of property, plant and equipment	(6,861)	6,349	(208.1)	(8,577)	(1,365)	528.4
Fair value changes of derivative financial instruments	(17,268)	(22,975)	(24.8)	(23,490)	(7,855)	199.0
Foreign exchange gains, net	18,063	83,366	(78.3)	68,566	107,285	(36.1)

Note:

1. 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.
2. Depreciation expenses decreased by 41.4% from HK\$180.0 million to HK\$105.6 million in 2QFY2015 is due to lower property, plant and equipment after disposal or impairment of certain fishing vessels and fishmeal processing plants in Peru during FY2014.

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	
	28.03.2015 HK\$'000	28.09.2014 HK\$'000	28.03.2015 HK\$'000	28.09.2014 HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,821,893	5,045,917	-	-
Investment properties	38,969	40,381	-	-
Goodwill	2,952,461	2,952,461	-	-
Receivables from/prepayment to suppliers	-	167,896	-	-
Available-for-sale investments	10,316	14,037	-	-
Interests in subsidiaries	-	-	7,481,073	7,569,842
Interests in associates	38,050	37,956	-	-
Other intangible assets	9,539,557	9,539,557	-	-
	<u>17,401,246</u>	<u>17,798,205</u>	<u>7,481,073</u>	<u>7,569,842</u>
CURRENT ASSETS				
Inventories	749,070	1,329,334	-	-
Trade and bills receivables	1,077,354	1,721,587	-	-
Other receivables and prepayments	7,942,010	9,452,739	-	-
Current portion of receivables from/prepayment to suppliers	480,832	850,200	535	1,770
Advances to suppliers	315,900	315,900	-	-
Held-for-trading investments	-	166,807	-	-
Derivative financial instruments	-	9,701	-	1,922
Prepaid income tax	56,444	56,444	-	-
Bank balances and cash	2,121,214	1,025,612	1,148,144	682
	<u>12,742,824</u>	<u>14,928,324</u>	<u>1,148,679</u>	<u>4,374</u>
CURRENT LIABILITIES				
Trade and other payables	259,346	413,425	20,415	23,924
Income tax payable	20,618	78,591	-	-
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	1,179	2,725	-	-
Derivative financial instruments	13,789	-	11,298	-
Current portion of interest-bearing bank borrowings	3,194,171	6,347,618	-	-
	<u>3,489,103</u>	<u>6,842,359</u>	<u>31,713</u>	<u>23,924</u>
NET CURRENT ASSETS (LIABILITIES)	<u>9,253,721</u>	<u>8,085,965</u>	<u>1,116,966</u>	<u>(19,550)</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	2,484,534	2,935,685	-	-
Bonds	1,114,045	1,197,169	1,114,045	1,197,169
Long term payables	199,214	193,984	-	-
Senior notes	4,105,497	4,097,426	-	-
Deferred tax liabilities	2,368,010	2,398,259	-	-
	<u>10,271,300</u>	<u>10,822,523</u>	<u>1,114,045</u>	<u>1,197,169</u>
NET ASSETS	<u>16,383,667</u>	<u>15,061,647</u>	<u>7,483,994</u>	<u>6,353,123</u>
CAPITAL AND RESERVES				
Share capital	2,446,329	1,325,005	2,446,329	1,325,005
Reserves	10,062,159	9,929,073	5,037,665	5,028,118
Attributable to owners of the Company	12,508,488	11,254,078	7,483,994	6,353,123
Non-controlling interests	3,875,179	3,807,569	-	-
TOTAL EQUITY	<u>16,383,667</u>	<u>15,061,647</u>	<u>7,483,994</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 (“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 28.03.2015		As at 28.09.2014	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
51,963	3,142,208	526,295	5,821,323

Amount repayable after one year

As at 28.03.2015		As at 28.09.2014	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
-	7,704,076	-	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\$5.5 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.

	Second quarter ended		First half year ended	
	29.12.2014 to	29.12.2013 to	29.09.2014 to	29.09.2013 to
	28.03.2015	28.03.2014	28.03.2015	28.03.2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating activities				
Profit before income tax	68,611	304,790	145,065	423,414
Adjustments for:				
Share of results of associates	65	(35,326)	(94)	(35,206)
Interest expense	192,470	223,805	413,610	426,136
Interest income	(691)	-	(833)	(10)
Provision for claims	-	8,065	-	25,139
Amortisation of prepayment to suppliers	-	48,733	-	108,143
Depreciation	105,554	180,027	262,767	360,089
Impairment loss on property, plant and equipment	-	101	-	31,192
Loss (gain) on disposal of property, plant and equipment	6,861	(6,349)	8,577	1,365
Fair value changes of available-for-sale investments	1,056	976	3,220	2,893
Fair value changes of held-for-trading investments	-	-	3,706	-
Gain on bargain purchase on acquisition of additional interests in subsidiaries	-	(3,611)	-	(6,669)
Fair value changes of derivative financial instruments	17,268	22,975	23,490	7,855
Fair value changes of investment properties	1,246	(1,277)	1,246	(1,277)
Operating cash flows before movements in working capital	392,440	742,909	860,754	1,343,064
Inventories	283,715	(120,566)	580,264	(860,227)
Trade and bills receivables, other receivables and prepayments	807,364	(211,608)	2,154,962	518,583
Trade and other payables	215,036	(9,749)	(137,973)	(30,484)
Cash generated from operations	1,698,555	400,986	3,458,007	970,936
Interest paid	(456,014)	(317,130)	(499,539)	(421,617)
Income tax paid	(14,531)	(23,665)	(39,176)	(26,790)
Net cash from operating activities	1,228,010	60,191	2,919,292	522,529
Investing activities				
Interest received	691	-	833	10
Proceeds on disposal of available-for-sale investments	-	5,978	501	5,978
Proceeds on disposal of property, plant and equipment	-	459	2,441	10,872
Proceeds on disposal of held-for-trading investments	-	-	163,101	-
Dividend received from an associate	-	12,136	-	12,136
Repayment from prepayment to suppliers	389,999	-	537,264	-
Purchase of property, plant and equipment	(27,006)	(138,610)	(48,105)	(199,706)
Purchase of available-of-sale investments	-	(5,115)	-	(5,115)
Net cash outflow arising on acquisition of additional interests in subsidiaries	-	(13,811)	-	(55,603)
Net cash from (used in) investing activities	363,684	(138,963)	656,035	(231,428)
Financing activities				
Dividend paid	-	(88,386)	-	(88,386)
Dividend paid to non-controlling shareholders	-	(37,174)	-	(37,174)
Net cash repayment to Pacific Andes International Holdings Limited and its subsidiaries	(1,418)	(46)	(1,546)	(1,237)
Net proceeds from issuing of shares on exercise of rights issue	1,126,419	-	1,126,419	-
Bank advances drawn on bills and discounted trade receivables with insurance coverage repaid	-	-	-	(7,060)
Finance leases repaid	-	(7,934)	-	(15,707)
Net bank borrowings (repaid) raised	(2,005,583)	15,715	(3,603,686)	(342,919)
Decrease in pledged deposits	-	15	-	16
Net cash used in financing activities	(880,582)	(117,810)	(2,478,813)	(492,467)
Exchange difference arising on consolidation	-	11,447	-	11,447
Net increase (decrease) in cash and cash equivalents	711,112	(196,582)	1,096,514	(201,366)
Cash and cash equivalents at beginning of the period	1,403,341	603,210	1,017,939	607,994
Cash and cash equivalents at end of the period	2,114,453	418,075	2,114,453	418,075
Bank balances and cash	2,121,214	425,883	2,121,214	425,883
Bank overdrafts	(6,761)	(7,808)	(6,761)	(7,808)
	2,114,453	418,075	2,114,453	418,075

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 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 \$0.30 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
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
Total comprehensive income for the period	-	-	-	-	-	-	80,482	47,670	128,152
Balance at 28 December 2014	1,325,005	4,318,455	286,577	-	68,141	15,705	5,320,677	3,855,239	15,189,799
Total comprehensive income for the period	-	-	-	-	2,009	(166)	45,666	19,940	67,449
Issue of shares on exercise of rights issue	1,121,324	22,428	-	-	-	-	-	-	1,143,752
Share issue expenses	-	(17,333)	-	-	-	-	-	-	(17,333)
Balance at 28 March 2015	2,446,329	4,323,550	286,577	-	70,150	15,539	5,366,343	3,875,179	16,383,667

	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
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
Balance at 28 September 2014	1,325,005	4,318,455	709,663	6,353,123
Total comprehensive income for the period	-	-	26,089	26,089
Balance at 28 December 2014	1,325,005	4,318,455	735,752	6,379,212
Total comprehensive expense for the period	-	-	(21,637)	(21,637)
Issue of shares on exercise of rights issue	1,121,324	22,428	-	1,143,752
Share issue expenses	-	(17,333)	-	(17,333)
Balance at 28 March 2015	2,446,329	4,323,550	714,115	7,483,994

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.

During the second quarter ended 28 March 2015, the Company issued 3,832,793,870 new ordinary shares of S\$0.05 each at an issue price of S\$0.051 per share by way of rights on the basis of four new shares for every five existing shares. (Second quarter ended 28 March 2014: no shares issued)

The Company did not make any purchases of its shares during the second quarter ended 28 March 2015 (Second quarter ended 28 March 2014: Nil).

Save as disclosed above, the Company did not have any outstanding convertibles and treasury shares as at 28 March 2015 (28.03.2014: 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			
	Second quarter ended		First half year ended	
	29.12.2014 to 28.03.2015	29.12.2013 to 28.03.2014	29.09.2014 to 28.03.2015	29.09.2013 to 28.03.2014
(i) Based on weighted average number of ordinary shares in issue	HK 0.59 cents	HK 3.57 cents	HK 1.99 cents	HK 5.70 cents
Weighted average number of ordinary shares used in calculation of basic earnings per share	7,790,214,833	4,872,715,022	6,323,405,536	4,872,715,022
(ii) Based on a fully diluted basis	HK 0.59 cents	HK 3.57 cents	HK 1.99 cents	HK 5.70 cents
Weighted average number of ordinary shares used in calculation of diluted earnings per share	7,790,214,833	4,872,715,022	6,323,405,536	4,872,715,022

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the second quarter and first half year ended 28 March 2014 and 28 March 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	
	28.03.2015	28.09.2014	28.03.2015	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.

Review of Results

One of our core strategies for FY2015 is to strengthen our balance sheet so that we are well positioned for the next stage of growth. We have made sound progress on this strategy in the past six months, evidenced by the fact that our current net-debt-to-equity ratio is lower than it was prior to the major Copeinca acquisition in 2013.

With the completion of the Rights Issue on 27 January 2015, the Group raised new capital of S\$195.5 million (approximately HK\$1,143.0 million). The proceeds were used to subscribe for the pro-rata share of the Rights Issue of our subsidiary, China Fishery. We believe that with the subsequent redemption of the Copeinca Notes by China Fishery in May 2015, the Group's balance sheet and financial position will be strengthened further.

As foreshadowed in previous announcements, performance of the Fishery and Fish Supply Division in 1HFY2015 was significantly impacted by the reduction in fishmeal and fish oil production, due primarily to reduced catch of Anchovy in the 2014 A Season and the closure of the 2014 B Season fishing in the North Centre Anchovy fishery in Peru.

As a result of measures taken to optimize operating efficiencies, minimize expenses, in addition to higher average selling prices of fishmeal and fish oil products, the Fishery and Fish Supply Division was successful in remaining profitable throughout this challenging period.

For the Frozen Fish Supply Chain Management ("SCM") Division, we are gaining momentum in our effort to improve profitability, with EBITDA margins improving from 12.6% in 1HFY2014 to 13.1% in 1HFY2015.

As at 28 March 2015, the Group had received in cash a total of US\$180 million (approximately HK\$1,404.0 million), that is 75% of the total refund of prepayments previously made under the terminated Long Term Supply Agreements, in accordance with the repayment schedule.

Financial Review

Income Statement

2QFY2015 (3 months ended 28 March 2015) vs 2QFY2014 (3 months ended 28 March 2014)

Group revenue decreased by 41.1% from HK\$2,233.7 million to HK\$1,315.2 million.

Revenue from the Fishery and Fish Supply Division, which accounted for 45.5% of total revenue, decreased by 57.4% from HK\$1,403.1 million to HK\$598.2 million, due mainly to lower sales from the Peruvian Fishmeal Operation. The reduced Peruvian Anchovy catch in the 2014 A Season and the closure of the 2014 B Season fishing in the North Centre Anchovy fishery in Peru had a significant impact on the fishmeal and fish oil production since August 2014.

Revenue from the Frozen Fish SCM Division, which accounted for 54.5% of total revenue, decreased by 13.7% from HK\$830.7 million to HK\$716.9 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, highlighted by a significant increase in Europe following greater market efforts, is as follows:

Destination	% of Revenue	
	2QFY2015	2QFY2014
China	55.3%	69.9%
Africa	4.0%	1.2%
East Asia	1.2%	3.0%
Europe	31.1%	9.5%
South America	0.2%	11.9%
Others	8.2%	4.5%

Cost of sales decreased by 42.9% from HK\$1,733.5 million to HK\$989.6 million in line with lower revenue.

Gross profit margin increased from 22.4% to 24.8%, attributable primarily to higher average selling prices of fishmeal and fish oil, lower fuel costs and the implementation of effective cost management measures throughout the operations.

Other operating income decreased by 50.4% from HK\$139.0 million to HK\$69.0 million, mainly due to lower foreign exchange gains.

Selling expenses decreased by 81.1% from HK\$57.4 million to HK\$10.9 million, due primarily to lower sales volume.

The increase in administrative expenses and other operating expenses were due primarily to expenses incurred for preparations by the Fishery and Fish Supply Division for the 2015 A Season in Peru which officially began on 9 April 2015 (2014 A Season began on 23 April 2014).

EBITDA decreased by 52.8% from HK\$815.9 million to HK\$385.0 million, reflecting the impact of the reduced revenue.

The Group does not record share of results of associate during the period, due primarily to the disposal of interest in Tassal Group Limited in May 2014.

Finance costs decreased by 14.0% from HK\$223.8 million to HK\$192.5 million, due primarily to loan repayment.

Net profit decreased by 73.3% from HK\$246.7 million to HK\$66.0 million.

1HFY2015 (6 months ended 28 March 2015) vs 1HFY2014 (6 months ended 28 March 2014)

Group revenue decreased by 32.9% from HK\$4,660.0 million to HK\$3,126.9 million.

Revenue from the Fishery and Fish Supply Division, which accounted for 50.0% of total revenue, decreased by 38.3% from HK\$2,535.7 million to HK\$1,564.8 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 50.0% of total revenue, decreased by 26.5% from HK\$2,124.3 million to HK\$1,562.2 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 Revenue	
	1HFY2015	1HFY2014
China	67.0%	77.6%
Africa	4.3%	2.4%
East Asia	3.8%	2.9%
Europe	16.5%	8.3%
South America	2.5%	6.3%
Others	5.9%	2.5%

Cost of sales decreased by 33.7% from HK\$3,761.8 million to HK\$2,492.3 million in line with lower revenue.

Gross profit margin increased from 19.3% to 20.3%, attributable mainly to higher average selling prices of fishmeal and fish oil, lower fuel costs and effective cost management.

Other operating income decreased by 23.9% from HK\$224.2 million to HK\$170.6 million, due primarily to the lower foreign exchange gains.

Selling expenses decreased by 54.0% from HK\$104.7 million to HK\$48.1 million, due primarily to lower sales volume.

Other operating expenses increased by 14.4% from HK\$52.3 million to HK\$59.9 million.

EBITDA decreased by 39.6% from HK\$1,411.3 million to HK\$851.9 million, reflecting the impact of the reduced revenue, partially compensated for by reduced operating and support costs.

The Group does not record share of results of associate during the period, due primarily to the disposal of interest in Tassal Group Limited in May 2014.

Finance costs decreased by 2.9% from HK\$426.1 million to HK\$413.6 million, due primarily to lower working capital loans.

Net profit decreased by 50.5% from HK\$391.9 million to HK\$194.1 million.

Statement of Financial Position

As at 28 March 2015 vs as at 28 September 2014

Current assets decreased by 14.6% from HK\$14,928.3 million to HK\$12,742.8 million. This was mainly due to: i) the selling of fishmeal and fish oil inventories; ii) the reduction in trade receivables due to seasonality; iii) collection of the other receivables; and iv) refund from the former Long Term Supply Agreements (“LSAs”) suppliers. As of the end of the quarter, the refund of prepayments under the former LSAs was on schedule and US\$180 million had been received, which is 75% of the full amount to be refunded. The balance of approximately US\$61 million is scheduled to be fully repaid by March 2016.

Bank balances and cash increased by 106.8% from HK\$1,025.6 million to HK\$2,121.2 million, attributable mainly to the proceeds from the Rights Issue completed in January 2015.

Non-current assets decreased by 2.2% from HK\$17,798.2 million to HK\$17,401.2 million.

Current liabilities decreased by 49.0% from HK\$6,842.4 million to HK\$3,489.1 million due to term loan repayment and repayment of short-term borrowings from proceeds of sale of inventories.

Non-current liabilities decreased by 5.1% from HK\$10,822.5 million to HK\$10,271.3 million.

With the completion of the Rights Issue and with our continued focus on enhancing the Group’s capital structure, net-debt-to-equity ratio improved from 90.0% to 53.6%.

Cash Flow and Liquidity

2QFY2015 (3 months ended 28 March 2015) vs 2QFY2014 (3 months ended 28 March 2014)

Net cash generated from operations was HK\$1,228.0 million, mainly generated by sale of inventories and collection of other receivables. Net cash generated from investing activities of HK\$363.7 million was due primarily to the refund received from the LSAs suppliers. Capital expenditure in 2QFY2015 was HK\$27.0 million. Net cash used in financing activities of HK\$880.6 million was for repayment of bank loans.

1HFY2015 (6 months ended 28 March 2015) vs 1HFY2014 (6 months ended 28 March 2014)

Net cash generated from operations was HK\$2,919.3 million, mainly generated by sale of inventories and collection of other receivables. Net cash generated from investing activities of HK\$656.0 million was due primarily to the refund received from the LSAs suppliers. Capital expenditure reduced to HK\$48.1 million in 1HFY2015. Net cash used in financing activities of HK\$2,478.8 million was for repayment of bank loans.

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 2015 results are consistent with the prospect statement disclosed to shareholders in the first quarter ended 28 December 2014 results announcement.

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

Corporate Outlook

The Peruvian Ministry of Production announced in early April, an increased Total Allowable Catch of 2.58 million MT for the 2015 A Season of the North Centre Anchovy fishery. Fishing commenced strongly in early April, catching 50% of the quota in the first month of this most important season. The objective is to fully utilize the quota at the earliest possible date.

With the completion of PARD and China Fishery Rights Issues, there will be significant improvement to the Group's gearing. Net-debt-to-equity ratio will be further reduced as the Group will today make full payment to discharge all its obligations under the Copeinca Senior Notes. The significant reduction in net borrowings will have a positive impact on the Group's interest expense.

In the second half of FY2015, the Fishery and Fish Supply Division will continue to realise synergies from the further integration of the Peruvian Fishmeal Operations. With the completion of the Copeinca bond redemption, the division can complete the merger of its two operating subsidiaries in Peru which will unlock the full value of the synergies and efficiencies from the combined operations. The merger is expected to be completed within this calendar year.

Barring unforeseen circumstances, 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 second quarter ended 28 March 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 – 28.03.2015 HK\$'000	29.09.2013 – 28.03.2014 HK\$'000	29.09.2014 – 28.03.2015 HK\$'000	29.09.2013 – 28.03.2014 HK\$'000
Pacific Andes International Holdings Limited and its subsidiaries				
Administrative expenses	-	-	19,214	19,531
Interest expenses	28	50	-	-

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 2QFY2015 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 May 2015

15. SUPPLEMENTARY NOTES

Second quarter and first half year ended 28 March 2015 in Singapore Dollars equivalent. These figures have not been audited.

1 (a) Consolidated Income Statement

	Group			
	Second quarter ended		First half year ended	
	29.12.2014 to 28.03.2015	29.12.2013 to 28.03.2014	29.09.2014 to 28.03.2015	29.09.2013 to 28.03.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	232,608	362,557	553,050	756,355
Cost of sales	(175,023)	(281,359)	(440,802)	(610,573)
Gross profit	57,585	81,198	112,248	145,782
Other operating income	12,200	22,563	30,175	36,386
Selling and distribution expenses	(1,920)	(9,316)	(8,510)	(16,994)
Administrative expenses	(13,445)	(13,643)	(24,532)	(24,509)
Other operating expenses	(8,233)	(741)	(10,586)	(8,490)
Finance costs	(34,041)	(36,325)	(73,154)	(69,166)
	12,146	43,736	25,641	63,009
Share of results of associates	(11)	5,734	17	5,714
Profit before income tax	12,135	49,470	25,658	68,723
Income tax (expense) benefit	(469)	(9,425)	8,675	(5,119)
Profit for the period	11,666	40,045	34,333	63,604
Profit attributable to:				
Owners of the Company	8,078	28,263	22,313	45,103
Non-controlling interests	3,588	11,782	12,020	18,501
	11,666	40,045	34,333	63,604

Consolidated Statement of Comprehensive Income

	Group			
	Second quarter ended		First half year ended	
	29.12.2014 to 28.03.2015	29.12.2013 to 28.03.2014	29.09.2014 to 28.03.2015	29.09.2013 to 28.03.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Profit for the period	11,666	40,045	34,333	63,604
Other comprehensive income:				
Exchange difference on translation of the Group's overseas operations	(29)	323	(29)	(1,249)
Gain on revaluation of property, plant and equipment	293	540	293	540
Fair value change of available-for-sale investments	-	-	-	(533)
Total comprehensive income for the period	11,930	40,908	34,597	62,362
Total comprehensive income attributable to:				
Owners of the Company	8,403	29,476	22,639	44,183
Non-controlling interests	3,527	11,432	11,958	18,179
	11,930	40,908	34,597	62,362

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

	Group		Group	
	28.03.2015 HK\$'000	28.09.2014 HK\$'000	28.03.2015 S\$'000	28.09.2014 S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,821,893	5,045,917	852,829	827,349
Investment properties	38,969	40,381	6,892	6,621
Goodwill	2,952,461	2,952,461	522,190	484,097
Receivables from/prepayment to suppliers	-	167,896	-	27,529
Available-for-sale investments	10,316	14,037	1,825	2,302
Interests in associates	38,050	37,956	6,730	6,223
Other intangible assets	9,539,557	9,539,557	1,687,223	1,564,144
	<u>17,401,246</u>	<u>17,798,205</u>	<u>3,077,689</u>	<u>2,918,265</u>
CURRENT ASSETS				
Inventories	749,070	1,329,334	132,485	217,963
Trade and bills receivables	1,077,354	1,721,587	190,547	282,278
Other receivables and prepayments	7,942,010	9,452,739	1,404,671	1,549,909
Current portion of prepayment to suppliers	480,832	850,200	85,043	139,402
Advances to suppliers	315,900	315,900	55,872	51,796
Held-for-trading investments	-	166,807	-	27,350
Derivative financial instruments	-	9,701	-	1,591
Prepaid income tax	56,444	56,444	9,983	9,255
Bank balances and cash	2,121,214	1,025,612	375,170	168,163
	<u>12,742,824</u>	<u>14,928,324</u>	<u>2,253,771</u>	<u>2,447,707</u>
CURRENT LIABILITIES				
Trade and other payables	259,346	413,425	45,869	67,787
Income tax payable	20,618	78,591	3,647	12,886
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	1,179	2,725	209	447
Derivative financial instruments	13,789	-	2,439	-
Current portion of interest-bearing bank borrowings	3,194,171	6,347,618	564,940	1,040,781
	<u>3,489,103</u>	<u>6,842,359</u>	<u>617,104</u>	<u>1,121,901</u>
NET CURRENT ASSETS				
	<u>9,253,721</u>	<u>8,085,965</u>	<u>1,636,667</u>	<u>1,325,806</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	2,484,534	2,935,685	439,429	481,347
Bonds	1,114,045	1,197,169	197,037	196,293
Long term payables	199,214	193,984	35,234	31,806
Senior notes	4,105,497	4,097,426	726,123	671,830
Deferred tax liabilities	2,368,010	2,398,259	418,820	393,228
	<u>10,271,300</u>	<u>10,822,523</u>	<u>1,816,643</u>	<u>1,774,504</u>
NET ASSETS				
	<u>16,383,667</u>	<u>15,061,647</u>	<u>2,897,713</u>	<u>2,469,567</u>
CAPITAL AND RESERVES				
Share capital	2,446,329	1,325,005	432,672	217,253
Reserves	10,062,159	9,929,073	1,779,654	1,628,010
Attributable to owners of the Company	12,508,488	11,254,078	2,212,326	1,845,263
Non-controlling interests	3,875,179	3,807,569	685,387	624,304
TOTAL EQUITY	<u>16,383,667</u>	<u>15,061,647</u>	<u>2,897,713</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			
	Second quarter ended		First half year ended	
	29.12.2014 to 28.03.2015	29.12.2013 to 28.03.2014	29.09.2014 to 28.03.2015	29.09.2013 to 28.03.2014
(i) Based on weighted average number of ordinary shares in issue	S 0.10 cents	S 0.58 cents	S 0.35 cents	S 0.93 cents
(ii) Based on a fully diluted basis	S 0.10 cents	S 0.58 cents	S 0.35 cents	S 0.93 cents

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the second quarter and first half year 28 March 2014 and 28 March 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			
	28.03.2015	28.09.2014	28.03.2015	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	0.26	0.39

*** Exchange Rate**

As at 28.03.2015: S\$ 1 = HK\$5.6540

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

Second quarter ended 28.03.2015: S\$ 1 = HK\$5.6540

Second quarter ended 28.03.2014: S\$ 1 = HK\$6.1611