PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED
(*Incorporated in Bermuda with limited liability*)

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2014

The board of directors (the "**Board**") of Pacific Andes Resources Development Limited (the "**Company**") refers to the Company's announcements dated 25 November 2014, 4 December 2014, 17 December 2014 and 23 December 2014 and the Company's circular to Shareholders dated 5 December 2014 (the "**Circular**") relating to, *inter alia*, the renounceable underwritten rights issue. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Circular.

The Company will be lodging the Offer Information Statement with MAS on 31 December 2014. As the Offer Information Statement will contain certain financial disclosure from the Company's audited financial statements for the year ended 28 September 2014 (the "**FY2014 Audited Financial Statements**"), the Company hereby releases the FY2014 Audited Financial Statements in Appendix of this announcement.

The Company will make the necessary follow-up announcement(s) as and when required and/or as material developments arise in respect of the Rights Issue.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
Singapore, 30 December 2014

Appendix

CONSOLIDATED INCOME STATEMENT

Financial year ended 28 September 2014

	NOTES	THE GROUP 2014 HK$'000	2013 HK$'000 (Restated)
Revenue	5	**8,125,981**	8,764,092
Cost of sales		**(6,332,934)**	(7,359,796)
Gross profit		**1,793,047**	1,404,296
Other operating income	7	**917,415**	1,142,900
Selling and distribution expenses		**(229,294)**	(247,841)
Administrative expenses		**(279,604)**	(230,278)
Other operating expenses		**(152,497)**	(616,635)
Finance costs	8	**(821,796)**	(586,186)
		1,227,271	866,256
Share of results of associates	20	**35,504**	57,540
Profit before income tax		**1,262,775**	923,796
Income tax (expense) benefit	11	**(92,529)**	70,567
Profit for the year	9	**1,170,246**	994,363
Profit attributable to:			
Owners of the Company		**953,382**	747,715
Non-controlling interests		**216,864**	246,648
		1,170,246	994,363
Earnings per share			
Basic	12	**HK$0.20**	HK$0.16
Diluted	12	**HK$0.20**	HK$0.16

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial year ended 28 September 2014

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Profit for the year	**1,170,246**	994,363
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Gain on revaluation of property, plant and equipment	**10,280**	9,201
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of the Group's overseas operations	**(303)**	30,849
Fair value changes of available-for-sale investments	**(3,282)**	104,317
Exchange difference on translation arising from interests in an associate transferred to profit or loss upon disposal	**4,000**	–
Reclassification adjustment transfer to profit or loss upon derecognition of available-for-sale investments	**–**	(101,035)
Other comprehensive income for the year, net of tax	**10,695**	43,332
Total comprehensive income for the year	**1,180,941**	1,037,695
Total comprehensive income attributable to:		
Owners of the Company	**961,395**	776,989
Non-controlling interests	**219,546**	260,706
	1,180,941	1,037,695

See accompanying notes to the financial statements.

STATEMENTS OF FINANCIAL POSITION

At 28 September 2014

	NOTES	THE GROUP		THE COMPANY	
		2014	2013	**2014**	2013
		HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	**5,045,917**	5,283,051	**–**	–
Investment properties	15	**40,381**	52,135	**–**	–
Goodwill	16	**2,952,461**	2,952,461	**–**	–
Receivables from/prepayment to suppliers	17	**167,896**	1,786,916	**–**	–
Available-for-sale investments	18	**14,037**	25,393	**–**	–
Interests in subsidiaries	19	**–**	–	**7,569,842**	5,874,373
Interests in associates	20	**37,956**	542,615	**–**	–
Other intangible assets	21	**9,539,557**	9,539,557	**–**	–
		17,798,205	20,182,128	**7,569,842**	5,874,373
CURRENT ASSETS					
Inventories	22	**1,329,334**	923,785	**–**	–
Trade receivables	23	**1,721,587**	1,832,860	**–**	–
Other receivables and prepayments	24	**9,452,739**	7,320,136	**1,770**	–
Current portion of receivables from/prepayment to suppliers	17	**850,200**	205,123	**–**	–
Advances to suppliers	17	**315,900**	315,900	**–**	–
Interest in subsidiaries	19	**–**	–	**–**	731,044
Held-for-trading investments		**166,807**	–	**–**	–
Derivative financial instruments	28	**9,701**	–	**1,922**	–
Prepaid income tax		**56,444**	99,513	**–**	–
Pledged deposits	43	**–**	111	**–**	–
Cash and cash equivalents	25	**1,025,612**	615,771	**682**	841
		14,928,324	11,313,199	**4,374**	731,885
CURRENT LIABILITIES					
Trade and other payables	26	**413,425**	308,082	**23,924**	15,832
Income tax payable		**78,591**	22,057	**–**	–
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	27	**2,725**	5,371	**–**	–
Derivative financial instruments	28	**–**	54,712	**–**	2,760
Bonds	32	**–**	721,476	**–**	721,476
Bank advances drawn on bills	29	**–**	7,060	**–**	–
Current portion of finance leases	30	**–**	30,151	**–**	–
Current portion of interest-bearing bank borrowings	31	**6,347,618**	7,897,734	**–**	–
		6,842,359	9,046,643	**23,924**	740,068
NET CURRENT ASSETS (LIABILITIES)		**8,085,965**	2,266,556	**(19,550)**	(8,183)

STATEMENTS OF FINANCIAL POSITION

At 28 September 2014

	NOTES	THE GROUP		THE COMPANY	
		2014	2013	**2014**	2013
		HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000
NON-CURRENT LIABILITIES					
Finance leases	30	**–**	3,666	**–**	–
Interest-bearing bank borrowings	31	**2,935,685**	1,557,980	**–**	–
Bonds	32	**1,197,169**	–	**1,197,169**	–
Long term payables	33	**193,984**	275,457	**–**	–
Senior notes	34	**4,097,426**	4,080,896	**–**	–
Deferred tax liabilities	35	**2,398,259**	2,468,816	**–**	–
		10,822,523	8,386,815	**1,197,169**	–
NET ASSETS		**15,061,647**	14,061,869	**6,353,123**	5,866,190
CAPITAL AND RESERVES					
Share capital	36	**1,325,005**	1,325,005	**1,325,005**	1,325,005
Reserves	37	**9,929,073**	9,049,395	**5,028,118**	4,541,185
Attributable to owners of the Company		**11,254,078**	10,374,400	**6,353,123**	5,866,190
Non-controlling interests		**3,807,569**	3,687,469	**–**	–
TOTAL EQUITY		**15,061,647**	14,061,869	**6,353,123**	5,866,190

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended 28 September 2014

	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$'000 (restated)	Attributable to owners of the Company HK$'000 (restated)	Non-controlling interests HK$'000 (restated)	Total HK'000 (restated)
THE GROUP										
Balance at 29 September 2012	1,325,005	4,318,455	279,908	–	52,841	(4,529)	3,715,814	9,687,494	2,740,977	12,428,471
Total comprehensive income for the year (restated)	–	–	–	3,282	7,732	18,260	747,715	776,989	260,706	1,037,695
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	661,742	661,742
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(36,636)	(36,636)
Non-controlling interests arising from acquisition of subsidiary (Note 38)	–	–	–	–	–	–	–	–	60,680	60,680
Final dividend of 0.3 Singapore cent per ordinary share in respect of year ended 28 September 2012 (Note 13)	–	–	–	–	–	–	(90,083)	(90,083)	–	(90,083)
Balance at 28 September 2013 (restated)	1,325,005	4,318,455	279,908	3,282	60,573	13,731	4,373,446	10,374,400	3,687,469	14,061,869
Total comprehensive income for the year	–	–	–	(3,282)	7,568	3,727*	953,382	961,395	219,546	1,180,941
Release upon disposal of investment properties	–	–	–	–	–	(1,753)	1,753	–	–	–
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(37,174)	(37,174)
Arising from acquisition of additional interests in subsidiary (Note 38)	–	–	6,669	–	–	–	–	6,669	(62,272)	(55,603)
Final dividend of 0.3 Singapore cent per ordinary share in respect of year ended 28 September 2013 (Note 13)	–	–	–	–	–	–	(88,386)	(88,386)	–	(88,386)
Balance at 28 September 2014	1,325,005	4,318,455	286,577	–	68,141	15,705	5,240,195	11,254,078	3,807,569	15,061,647

* An amount of HK$4,000,000 (loss) has been included as part of this amount which related to currency translation reserve belonging to an associate that has been recycled to profit or loss upon disposal of that associate.

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended 28 September 2014

	Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000	Total HK$'000
THE COMPANY				
Balance at 28 September 2012	1,325,005	4,318,455	265,773	5,909,233
Total comprehensive income for the year	–	–	47,040	47,040
Final dividend of 0.30 Singapore cent per ordinary share in respect of year ended 28 September 2012 (Note 13)	–	–	(90,083)	(90,083)
Balance at 28 September 2013	1,325,005	4,318,455	222,730	5,866,190
Total comprehensive income for the year	–	–	575,319	575,319
Final dividend of 0.30 Singapore cent per ordinary share in respect of year ended 28 September 2013 (Note 13)	–	–	(88,386)	(88,386)
Balance at 28 September 2014	1,325,005	4,318,455	709,663	6,353,123

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended 28 September 2014

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
		(restated)
Operating activities		
Profit before income tax	**1,262,775**	923,796
Adjustments for:		
Share of results of associates	**(35,504)**	(57,540)
Interest expense	**821,796**	586,186
Interest income	**(151)**	(880)
Statutory employee profit sharing	**30,989**	2,203
Provision for claims	**26,575**	10,756
Amortisation of prepayment to suppliers	**108,143**	237,641
Depreciation expense	**646,407**	790,983
(Gain) loss on revaluation of investment properties	**(4,697)**	247
Impairment loss of property, plant and equipment	**16,844**	350,356
Gain on disposal of property, plant and equipment	**(5,538)**	(3,221)
Gain on disposal of interest in an associate	**(316,447)**	–
Gain on bargain purchase on acquisition of subsidiary	**–**	(448,580)
Fair value changes of held-for-trading investments	**26,951**	–
Fair value changes of available-for-sale investments	**1,532**	–
Gain on disposal of available-for-sale investments	**–**	(101,035)
Fair value changes of derivative financial instruments	**(9,701)**	34,562
Operating cash flows before movements in working capital	**2,569,974**	2,325,474
Inventories	**(405,549)**	1,029,326
Trade receivables, other receivables and prepayments	**(2,057,436)**	1,447,647
Derivative financial instruments	**(54,712)**	(182,064)
Trade and other payables	**(35,433)**	41,542
Cash generated from operations	**16,844**	4,661,925
Interest paid	**(838,666)**	(543,202)
Income tax paid	**(63,483)**	(68,638)
Net cash (used in) from operating activities	**(885,305)**	4,050,085
Investing activities		
Interest received	**151**	880
Dividend received from an associate	**12,136**	20,472
Proceeds from disposal of property, plant and equipment (Note A)	**81,626**	3,221
Proceeds on disposal of investment properties	**16,201**	–
Proceeds on disposal of available-for-sale investments	**14,222**	96,483
Proceeds on disposal of interest in an associate	**690,822**	–
Repayments from (additions to) prepayment to suppliers	**865,800**	(1,170,000)
Acquisition of assets	**–**	(19,500)
Purchase of property, plant and equipment (Note A)	**(491,925)**	(118,766)
Acquisition of available-for-sale investments	**(7,680)**	(110,234)
Net cash outflow arising on acquisition of subsidiary	**–**	(5,619,658)
Net cash from (used in) investing activities	**1,181,353**	(6,917,102)

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended 28 September 2014

	NOTES	THE GROUP 2014 HK$'000	2013 HK$'000 (restated)
Financing activities			
Dividend paid	13	**(88,386)**	(90,083)
Dividend paid to non-controlling shareholders		**(37,174)**	(36,636)
Proceeds from shares issue by a subsidiary		**–**	661,742
Net proceeds from issue of bonds		**1,221,717**	–
Redemption of bonds		**(710,938)**	–
Acquisition of additional interest in subsidiary (Note B)	38	**(55,603)**	–
Net cash (repaid to) advanced from Pacific Andes International Holdings Limited and its subsidiaries		**(2,646)**	434
Bank advances drawn on bills (repaid) raised		**(7,060)**	7,060
Finance leases repaid		**(33,817)**	(29,555)
Bank borrowings raised		**4,290,000**	3,496,186
Repayment of bank borrowings		**(4,594,941)**	(469,396)
Repayment of working capital loans, net		**132,634**	(502,349)
Decrease in pledged deposits		**111**	96
Net cash from financing activities		**113,897**	3,037,499
Net increase in cash and cash equivalents		**409,945**	170,482
Cash and cash equivalents at beginning of the year		**607,994**	437,512
Cash and cash equivalents at end of the year		**1,017,939**	607,994
Being:			
Cash and cash equivalents	25	**1,025,612**	615,771
Bank overdrafts	31	**(7,673)**	(7,777)
		1,017,939	607,994

Notes to consolidated statement of cash flows

A) During the year, the Group acquired property, plant and equipment with an aggregate cost of HK$718,429,000 (2013: HK$118,766,000) of which HK$491,925,000 (2013: HK$118,766,000) was paid in cash and HK$226,504,000 (2013: HK$Nil) was acquired through trade in of certain assets with a net book value amounting to HK$226,504,000 (2013: HK$Nil).

B) On 17 March 2014, the Group carried out a compulsory acquisition of all remaining shares in Copeinca AS ("Copeinca") for a consideration of HK$55,603,000 pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act. As a result, the Group has assumed ownership of all shares in Copeinca.

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

1. General

The Company is an exempted company incorporated in Bermuda with limited liability. Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and principal place of business is at Hong Kong Plaza, Rooms 3201-3210, 188 Connaught Road West, Hong Kong. The Company's shares are listed on the Singapore Exchange ("SGX"). Its immediate holding company is Clamford Holding Limited, a company incorporated in the British Virgin Islands. Its intermediate holding company is Pacific Andes International Holdings Limited ("PAIH"), a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company is N. S. Hong Investment (BVI) Limited, a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company and provides corporate management services to Group companies. The principal activities of the subsidiaries and associates are described in Notes 45 and 20 respectively.

These financial statements are presented in Hong Kong dollars consistent with the presentation currency of its holding companies and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 28 September 2014 were authorised for issue by the Board of Directors on 27 December, 2014.

2. Summary of Significant Accounting Policies

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

The financial statements are also prepared in accordance with International Financial Reporting Standards. There are no material differences between the preparation of financial statements in Singapore Financial Reporting Standards and International Financial Reporting Standards that are applicable to the Group and Company.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On 29 September 2013, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

FRS 113 *Fair Value Measurement*

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the financial statements.

Amendments to FRS 107 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to FRS 107 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. The Group has presented the effects of its offsetting arrangements in Note 4(b) to the financial statements. Aside from the additional disclosures, the application of the amendments has had no material impact on the amounts recognised in the consolidated financial statements.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*
- Amendments to FRS 110 *Consolidated Financial Statements – Investment Entities*
- FRS 110, FRS 111, FRS 112 *Transition Guidance*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)

Consequential amendments were also made to various standards as a result of these new/revised standards.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

FRS 110 *Consolidated Financial Statements and FRS 27 Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation – Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after 1 January 2014, with retrospective application subject to transitional provisions.

When the Group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after 1 January 2014, and the Group is currently estimating the extent of additional disclosures needed.

Amendments to FRS 32 *Financial Instruments: Presentation*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to FRS 32 are effective for annual periods beginning on or after 1 January 2014, with retrospective application required.

The management is still evaluating the impact of the amendments to FRS 32 on the financial assets and liabilities that have been set-off on the statement of financial position.

Amendments to FRS 36 *Impairment of Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit ("CGU") to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

Management anticipates that the adoption of the above FRSs, amendments to FRSs and improvements to FRS issued but not effective at the date of authorisation for these financial statements in future periods will not have material impact on the financial statement of the Group and of the Company in the period of their initial adoption except as discussed above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

COMMON CONTROL BUSINESS COMBINATION OUTSIDE THE SCOPE OF FRS 103 – A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The restructuring exercise in 2005 resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 103 *Business Combinations*. For such common control business combinations, merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the financial statements of the constituent entities prior to the common control combination. The carrying amounts are included as if consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Merger reserve represents the difference between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

COMMON CONTROL BUSINESS COMBINATIONS WITHIN THE SCOPE OF FRS 103 – Where there is no common control prior to acquisition, the acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement,* or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits respectively*;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial Assets

Cash and Cash Equivalents in the Statement of Cash Flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and balances with banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Loans and Receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Held-to-Maturity Investments

Securities with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale Investments

Certain shares and debt securities held by the group are classified as being available for sale investments and are stated at fair value except for where the fair value is not reliably determinable in which case it will be held at cost less impairment. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

Financial Assets – continued

Impairment of Financial Assets – continued

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision and the amount initially recognised less, when appropriate, cumulative amortisation. The amount amortised on a straight-line basis over the period of the guarantee is the deemed guarantee income for the issuer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

Financial Liabilities and Equity Instruments – continued

Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative Financial Instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 28 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company and the group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as Lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

DEFERRED EXPENSES – Expenses incurred in catching fish and other marine catches during voyages are deferred in the statement of financial position and released to profit or loss as expenses when the fish and marine catches are sold and revenue is recognised for the sale. Expenses on each voyage are deferred to the extent that there is reasonable probability of recovery from sale of fish and other marine catches from that voyage. When it is probable that the costs incurred or to be incurred on a voyage will exceed the estimated value of the catches, the expected loss is recognised as an expense in profit or loss immediately.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of processing and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Leasehold buildings held for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Property in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is charged to profit or loss. On subsequent sale or retirement of a revalued building, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

Property, plant and equipment with the exception of leasehold building are stated at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

Property, Plant and Equipment – continued

depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method on the following bases:

Freehold buildings	–	33 years
Leasehold buildings	–	25 years upon every revaluation or the lease term, if shorter
Processing vessel	–	20 years
Fishing vessels	–	10 to 17 years
Fishing nets	–	4 years
Plant and machinery	–	2 to 10 years
Vehicles	–	20 years
Furniture, fittings and office equipment	–	4 to 10 years

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

INTANGIBLE ASSETS

Intangible Assets Acquired Separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Intangible Assets Acquired in A Business Combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Prepayment to Suppliers

This represents future payment for supply of fishery products under the long term supply agreements which have been prepaid or contractually agreed to be prepaid. They are amortised and charged to profit or loss as cost of sales pro ratably over the period for which the prepayment is made and the benefits are expected to accrue.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of Frozen Fish, Fish Meal and Fish Oil and Marine Related Products

Revenue from the sale of fishes and related products are recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Ocean Freight Income

Ocean freight income is recognised when the shipping and freight services are rendered.

Rental Income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

EMPLOYMENT LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

2. Summary of Significant Accounting Policies – continued

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Hong Kong dollars, which is different from the functional currency of the Company, which is United States Dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences which relate to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity, shall be reclassified from equity to income statement (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in foreign currency translation reserves (attributed to minority interest, as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

SEGMENT REPORTING – An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is internally provided to the Group's chief operating decision maker and the Board. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management did not make any material judgements that have a significant effect on the amounts recognised in the financial statements except for those affecting accounting estimates as disclosed in the key sources of estimation uncertainty.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying Amount of Balances with Suppliers and Prepayments for Fish

As at 28 September 2014, the carrying amounts of balances with Suppliers (Note 17) and prepayments for fish (Note 24) was HK$1,333,996,000 (2013 : HK$2,307,939,000) and HK$7,346,324,000 (2013: HK$5,815,115,000) respectively. The Group makes allowance for bad and doubtful debts based on an assessment of the recoverability of the balances with Suppliers. Allowances are applied to prepayment and advances to Suppliers where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of balances with Suppliers and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of balances with Suppliers at the end of the reporting period as disclosed in Notes 17 and 24 respectively, approximate their recoverable amounts.

Useful Lives of Property, Plant and Equipment

The carrying amount of property, plant and equipment amounting to HK$5,045,917,000 (2013: HK$5,283,051,000) have been determined after charging depreciation on a straight-line basis over the estimated useful life of these assets.

Components of these carrying amounts are detailed in Note 14.

Management reviews the estimated useful lives of these assets at the end of each reporting period and determined that the useful lives as stated in Note 2 remain appropriate.

Impairment of Property, Plant and Equipment (Excluding Processing Vessel and Fishing Vessels)

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. If there is indication of impairment, the recoverable amounts of these assets are then determined based on value-in-use calculations. These calculations require the use of judgement and estimates. Management has carried out a review of the recoverable amount of the property, plant and equipment based on their value-in-use as disclosed in Note 14. The assessment has led to the recognition of impairment loss of HK$16,844,000 (2013: HK$37,800,000) for Peruvian operations in current year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty – continued

Key Sources of Estimation Uncertainty – continued

Carrying amount of processing vessel, fishing vessels and fishing and plant permits

As at the end of the financial year, the carrying amounts of processing vessel, fishing vessls and fishing and plant permits totalled HK$233,894,000, HK$1,720,851,000 and HK$9,536,829,000 respectively (2013: HK$256,562,000, HK$1,605,689,000 and HK$9,536,829,000). Determining whether the carrying amounts of these assets can be realised requires an estimation of the value in use of the cash-generating units and a suitable discount rate in order to calculate present value. Management has evaluated these projections using assumptions on catch quantities, prices of catch and operating costs after considering efficiencies that can be achieved when the operations become part of the Group's larger operations. The fishing system in Peru is "Total Allowable Catch ("TAC")" system which entitles fishing companies holding valid licensed fishing vessels to a share of fishing quotas determined by the authorities. Management has evaluated the impact of the quota allocation under the TAC system and included such consideration in the estimation of the value in use.

Management has carried out a review of the recoverable amounts of the processing and fishing vessels and fishing and plant permits based on their value-in-use as disclosed in Note 14. The assessment has led to the recognition of impairment loss of HK$273,000,000 and HK$39,556,000 for processing and certain fishing vessels respectively in 2013.

Carrying Amount of Goodwill

Based on management's assessment, management is of the view that the carrying amount of goodwill of HK$2,952,461,000 (2013: HK$2,952,461,000) is not impaired. Information relating to the carrying amount and management's assessment of goodwill is provided in Note 16.

Impairment of Investments in Subsidiaries

Management has carried out a review on the recoverable amounts of the investment in subsidiaries, having regard to the existing performance of the relevant subsidiaries and the carrying value of the net assets in these subsidiaries. No allowance for impairment of investment in subsidiaries has been recognised for year ended 28 September 2014 and 28 September 2013.

The carrying amounts of the investment in subsidiaries and amounts due from subsidiaries are disclosed in Note 19 to the financial statements.

Acquisition of subsidiary

As disclosed in Note 38, the net assets acquired and previously held interest in relation to the acquisition of subsidiary were stated at fair value based on the valuation performed by an independent professional valuer. The independent professional valuer determined the fair values based on a method of valuation which involves the use of certain estimates. Management is of the view that the estimates used by the independent professional valuer are reasonable.

Contingent liabilities

Certain members of the Group are parties to legal processes in Peru. These relate to fishing compliance, former employees and miscellaneous claims. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise. Please see Note 41(b) for more details.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management

(a) Categories of Financial Instruments

The following tables set at the financial instruments as at the end of the reporting period:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**5,862,314**	3,901,252	**7,572,294**	6,606,258
Derivative financial instruments	**9,701**	–	**1,922**	–
Held-for-trading instruments	**166,807**	–	**–**	–
Available-for-sale investments	**14,037**	25,393	**–**	–
	6,052,859	3,926,645	**7,574,216**	6,606,258
Financial liabilities				
Amortised cost	**15,077,711**	14,789,758	**1,221,093**	737,308
Derivative financial instruments	**–**	54,712	**–**	2,760
	15,077,711	14,844,470	**1,221,093**	740,068

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management – continued

(b) Financial Instruments Subject to Offsetting, Enforceable Master Netting Arrangements and Similar Agreements

The Company does not have any financial instruments which are subjected to offsetting under enforceable master netting arrangements or similar netting agreements.

2014

Financial assets

Type of financial asset	**(a) Gross amounts of recognised financial assets HK$'000**	**(b) Gross amounts of recognised financial liabilities set off in the statement of financial position HK$'000**	**(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position HK$'000**
Other receivables	**5,352,812**	**(4,562,782)**	**790,030**

2013

Financial assets

Type of financial asset	(a) Gross amounts of recognised financial assets HK$'000	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position HK$'000	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position HK$'000
Other receivables	5,035,930	(4,234,441)	801,489

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, under enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management – continued

(c) Financial Risk Management Policies and Objectives

The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates, credit and liquidity. The Group does not enter into any significant financial derivative contracts, except for foreign currency forward contracts to manage its exposure to Japanese Yen.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks. Market risk exposures are measured using sensitivity analysis indicated below.

i) Foreign Exchange Risk Management

The Group entities transact largely in their functional currencies, which in most instances is the United States dollars. Foreign exchange risk arises largely from transactions denominated in currencies such as Japanese Yen, Singapore dollars, Peruvian Nuevo Soles, Chinese Renminbi, Hong Kong dollars, Namibian dollars and Euro.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	THE GROUP			
	Liabilities		Assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Japanese Yen	**266**	896	**346**	139
Peruvian Nuevo Soles	**145,324**	97,365	**190,963**	223,775
Chinese Renminbi	**63**	737,242	**7,623**	4,203
Hong Kong dollars	**49,049**	53,331	**2,922**	2,180
Euro	**5,456**	3,309	**1,954**	2,877
Singapore dollars	**1,217,805**	926	**1,430**	1,692
Norweign Krone	**333**	1,636	**3,800**	7,802
Namibian dollars	**17,003**	9,888	**118,648**	45,783
Canadian dollars	**–**	–	**2,519**	5
British pounds	**210**	–	**1,824**	–
Australian dollars	**–**	–	**3,231**	–
Russian Ruble	**–**	–	**527**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management – continued

(c) Financial Risk Management Policies and Objectives – continued

i) Foreign Exchange Risk Management – continued

	THE COMPANY			
	Liabilities		Assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Chinese Renminbi	**–**	736,743	**7**	237
Hong Kong dollars	**–**	–	**12**	18
Singapore dollars	**1,217,782**	565	**123**	126

Foreign Currency Sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency were to strengthen by 10% against the functional currency of each Group entity, the Group's profit for the year will increase (decrease) by:

	GROUP	
	2014	2013
	HK$'000	HK$'000
Impact of:		
Japanese Yen	**8**	(76)
Peruvian Nuevos Soles	**4,564**	12,641
Chinese Renminbi	**756**	(73,304)
Hong Kong dollars	**(4,613)**	(5,115)
Euro	**350**	(43)
Singapore dollars	**(121,637)**	77
Norwegian Krone	**275**	617
Namibian dollars	**10,165**	3,590
Canadian dollars	**252**	–
British pounds	**161**	–
Russian Ruble	**53**	–
Australian dollars	**323**	–

	COMPANY	
	2014	2013
	HK$'000	HK$'000
Impact of:		
Chinese Renminbi	**1**	(73,651)
Hong Kong dollars	**1**	2
Singapore dollars	**(121,766)**	(44)

The opposite applies if the relevant foreign currencies were to weaken by 10% against the functional currency of each Group entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management – continued

(c) Financial Risk Management Policies and Objectives – continued

ii) Interest Rate Risk Management

Interest-earning financial assets comprise bank balances and fixed deposits (Notes 25 and 43). Summary quantitative data of the Group's interest-bearing financial liabilities can be found in section (iv) of this note.

The Group mitigates its exposure to changes in interest rates by locking in fixed rate borrowings through the issue of bonds (Note 32) and senior notes (Note 34) and use of finance leases for which rates are fixed at inception of the finance leases (Note 30). The Group's policy is to obtain the most favourable interest rates available and also by reviewing the terms of the interest-bearing liabilities to minimise the adverse effects of changes in interest rates.

Interest Rate Sensitivity

The sensitivity analyses below have been determined based on the exposure to variable interest rates for variable rate borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 28 September 2014 would decrease or increase by approximately HK$46,417,000 (2013: decrease or increase by approximately HK$47,341,000).

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's post-tax profit for the year ended 28 September 2014 would decrease or increase by approximately HK$Nil (2013: decrease or increase by approximately HK$Nil).

iii) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

At both 28 September 2014 and 28 September 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

– the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Sales of fishes and related products are made to companies which the Group assessed to be of good credit rating through their trading and payment history as well as such commercial information which the Group obtains from time to time. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits and credit quality attributed to customers are reviewed periodically. Trade debtors that are neither past due nor impaired are substantially companies with good collection track record with the Group. Management considers that the credit risk associated with the Group's trade receivables has been mitigated by the above risk management practices. The recoverable amount of individual trade receivable is reviewed at the end of each reporting period and allowance is made for estimated irrecoverable amount.

There is concentration of credit risk as 61% (2013: 53%) of the Group's receivables at the end of the reporting period relate to 5 entities (2013: 5 entities).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management – continued

(c) Financial Risk Management Policies and Objectives – continued

iii) Credit Risk Management – continued

As at the end of the financial year, the Group has balance due from the Suppliers which accounted for HK$790,030,000 or 8% (2013: HK$801,486,000 or 11%) of other receivables and prepayments balances. In addition, the Group also advanced HK$315,900,000 (2013: HK$315,900,000) to Suppliers (Note 17).

The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

iv) Liquidity Risk Management

The Group maintains sufficient cash and cash equivalents and obtains a mix of short-term and long-term external financing to fund its operations. The Company obtains funding from members of the Group as necessary to meet its financial obligations.

Non-Derivative Financial Liabilities

The following tables detail the contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate	**On demand or within 1 year**	**Within 2 to 5 years**	**After 5 years**	**Adjustment**	**Total**
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP						
2014						
Non-interest bearing	**–**	**396,039**	**101,049**	**–**	**–**	**497,088**
Variable interest rate instruments	**3.62**	**6,511,231**	**3,104,299**	**–**	**(329,502)**	**9,286,028**
Fixed interest rate instruments	**9.36**	**512,990**	**6,673,047**	**–**	**(1,891,442)**	**5,294,595**
		7,420,260	**9,878,395**	**–**	**(2,220,944)**	**15,077,711**
2013						
Non-interest bearing	–	308,082	177,342	–	–	485,424
Finance lease liabilities	8.49	37,541	4,376	–	(8,100)	33,817
Variable interest rate instruments	4.29	7,985,511	1,567,007	–	(84,373)	9,468,145
Fixed interest rate instruments	10.41	1,170,532	3,331,990	4,471,435	(4,171,585)	4,802,372
		9,501,666	5,080,715	4,471,435	(4,264,058)	14,789,758

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management – continued

(c) Financial Risk Management Policies and Objectives – continued

iv) Liquidity Risk Management – continued

Non-Derivative Financial Liabilities – continued

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE COMPANY						
2014						
Non-interest bearing	**–**	**23,924**	**–**	**–**	**–**	**23,924**
Fixed interest rate instruments	**8.50**	**104,295**	**1,388,377**	**–**	**(295,503)**	**1,197,169**
		128,219	**1,388,377**	**–**	**(295,503)**	**1,221,093**
2013						
Non-interest bearing	–	15,832	–	–	–	15,832
Fixed interest rate instruments	7.52	758,368	–	–	(36,892)	721,476
		774,200	–	–	(36,892)	737,308

Derivative Financial Instruments

As at the end of the reporting period, the undiscounted contractual net cash inflows (2013: outflows) on foreign currency forward contracts that settle on a net basis within 1 year from the end of the reporting date were HK$9,701,000 (2013: within 1 year from the end of the reporting date were HK$54,712,000). The carrying amount of financial derivatives in the consolidated statement of financial position has been determined by reference to the quoted forward rates at the end of the reporting period.

V) Fair Values of Financial Assets and Financial Liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables and other receivables and liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forwards contracts are measured using quoted forward exchange rates matching maturities of the contracts.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management – continued

(c) Financial Risk Management Policies and Objectives – continued

v) Fair Values of Financial Assets and Financial Liabilities – continued

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Available-for-sale investments				
Quoted equity securities	**6,237**	**–**	**–**	**6,237**
Unquoted equity securities	**–**	**–**	**7,800**	**7,800**
	6,237	**–**	**7,800**	**14,037**
Held-for-trading investments	**166,807**	**–**	**–**	**166,807**
Financial assets at FVTPL				
Derivative financial instruments	**–**	**–**	**9,701**	**9,701**

	2013			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investments				
Quoted equity securities	14,908	–	–	14,908
Unquoted debt securities	2,685	–	–	2,685
Unquoted equity securities	–	–	7,800	7,800
	17,593	–	7,800	25,393
Financial liabilities at FVTPL				
Derivative financial instruments	–	–	54,712	54,712

There were no transfers between Level 1, Level 2 and Level 3 in the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

4. Financial Instruments, Financial Risks and Capital Risks Management – continued

(d) Capital Risk Management Policies and Objectives

The Group's objectives in managing capital are to maintain an optimal capital structure so as to maximise the return to its shareholders, to protect the interests of its stakeholders, safeguard the Group's ability to continue as a going concern and to be able to service its debts when they are due. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, obtain various forms of borrowings in the market and issue new shares at an appropriate price when necessary.

The capital structure of the Group is as follow:

	Group	
	2014	2013
	HK$'000	HK$'000
		(restated)
Debts:		
– Finance leases	**–**	33,817
– Bank loans	**9,283,303**	9,462,774
– Bonds	**1,197,169**	721,476
– Senior notes	**4,097,426**	4,080,896
	14,577,898	14,298,963
Cash and cash equivalents	**1,025,612**	615,771
Shareholders' equity	**15,061,647**	14,061,869

Management constantly reviews the capital structure to achieve the aforementioned objectives. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Management would also monitor compliance with the financial covenants imposed by various financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenant requirements.

The Group's and Company's overall strategy on capital risk management remains unchanged from prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

5. Revenue

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Sales of frozen seafood	**2,959,702**	4,060,011
Sales of fishes from fishing activities	**1,488,004**	2,981,084
Sales of fishmeal and fish oil	**3,391,949**	1,292,054
Shipping and agency services	**286,326**	430,943
	8,125,981	8,764,092

6. Segment Information

For management reporting purposes, the Group is organised into two operating divisions, frozen fish supply chain management ("Frozen Fish SCM") and Fishery and Fish Supply. These divisions are on the basis on which the Group reports its segment information to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

Frozen Fish SCM comprises sales of fish and other seafood products, charter hire services, sales of marine fuel oil and provision of packaging materials to fish suppliers. Fishery and Fish Supply comprises income from fishing and fish supply activities and the production and sale of fishmeal and fish oil.

Segment sales and expenses: Segment sales and expense are the sales and operating expense reported in the Group's income statement that are directly attributable to a segment and the relevant portion of such sales and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, prepayments, advances, inventories, prepayment to suppliers, property, plant and equipment and intangible assets, net of allowances and provisions. Additions to non-current assets are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprises purchase of property, plant and equipment, prepayment to suppliers and intangible assets directly attributable to the segment. Segment liabilities include all liabilities and consist principally of accounts payable and accrued expenses.

Inter-segment transfers: Segment sales and expenses include transfers between operating segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation.

Investments in associates: Income from associates is allocated as they are specifically attributable to operating segments, and correspondingly the investments in associates are included in segment assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

6. Segment Information – continued

Products and Services from which Reportable Segments Derive their Revenues

Information on the Group's revenue and results by reportable segment are presented below:

	Frozen fish SCM HK$'000	Fishery and Fish Supply HK$'000	Consolidated HK$'000
2014			
INCOME STATEMENT			
External sales	**3,205,464**	**4,920,517**	**8,125,981**
Segment result	**962,300**	**1,536,923**	**2,499,223**
Unallocated items:			
Administrative expense			**(279,604)**
Fair value changes of derivative financial instruments			**9,701**
Rental income from properties			**3,051**
Gain on revaluation of investment properties			**4,697**
Other operating expenses			**(152,497)**
Finance costs			**(821,796)**
Income tax expense			**(92,529)**
Profit for the year			**1,170,246**
STATEMENT OF FINANCIAL POSITION			
Segment assets	**8,652,940**	**23,976,764**	**32,629,704**
Unallocated corporate assets			**96,825**
Consolidated total assets			**32,726,529**
Segment liabilities	**1,315,286**	**6,987,702**	**8,302,988**
Unallocated corporate liabilities			**9,361,894**
Consolidated total liabilities			**17,664,882**
OTHER SEGMENT INFORMATION			
Additions to non-current assets	**63,299**	**655,130**	**718,429**
Depreciation	**44,948**	**601,459**	**646,407**
Impairment loss of property, plant and equipment	**–**	**16,844**	**16,844**
Amortisation of prepayment to suppliers	**–**	**108,143**	**108,143**
Amortisation of senior notes issuing expenses	**–**	**16,530**	**16,530**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

6. Segment Information – continued

Product and Services from which Reportable Segments Derive their Revenues – continued

	Frozen fish SCM HK$'000 (restated)	Fishery and Fish Supply HK$'000 (restated)	Consolidated HK$'000 (restated)
2013			
INCOME STATEMENT			
External sales	4,434,985	4,329,107	8,764,092
Segment result	725,321	1,198,615	1,923,936
Unallocated items:			
Administrative expense			(230,278)
Fair value changes of derivative financial instruments			(34,562)
Rental income from properties			2,129
Loss on revaluation of investment properties			(247)
Other operating expenses			(150,996)
Finance costs			(586,186)
Income tax benefit			70,567
Profit for the year			994,363
STATEMENT OF FINANCIAL POSITION			
Segment assets	7,668,981	23,674,698	31,343,679
Unallocated corporate assets			151,648
Consolidated total assets			31,495,327
Segment liabilities	818,447	7,096,363	7,914,810
Unallocated corporate liabilities			9,518,648
Consolidated total liabilities			17,433,458
OTHER SEGMENT INFORMATION			
Additions to non-current assets	120,159	1,832,898	1,953,057
Depreciation	41,164	749,819	790,983
Impairment loss of property, plant and equipment	–	350,356	350,356
Amortisation of prepayment to suppliers	–	237,641	237,641
Amortisation of senior notes issuing expenses	–	11,590	11,590

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

6. Segment Information – continued

Product and Services from which Reportable Segments Derive their Revenues – continued

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment result represents the profit earned by each segment with the allocation of administrative expenses, gains and losses on revaluation, finance costs, share of results of associates and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Geographical Information

Geographical locations of the customers of the Group are organised in accordance with their parent company's country of origin which principally comprises Hong Kong and other regions in the People's Republic of China ("PRC"), East Asia, South America, Europe, Africa and other parts of the world.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding investment in associates and other financial assets) by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
Geographical segments	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000 (restated)
Hong Kong and other regions in the PRC	**5,409,980**	7,306,369	**132,159**	1,135,066
South America	**485,910**	49,179	**14,751,106**	13,343,775
Europe	**865,665**	502,070	**2,806,784**	5,094,172
East Asia	**742,646**	357,998	**70,200**	66,500
Africa	**287,972**	485,966	**–**	–
Others	**333,808**	62,510	**–**	–
	8,125,981	8,764,092	**17,760,249**	19,639,513

Information about Major Customers

During the year ended 28 September 2014 and 2013, there is no customer from Frozen Fish SCM segment with revenue more than 10% of the Group's total revenue.

There is no customer from Fishery and Fish Supply segment with revenue more than 10% of the Group's total revenue for the year ended 28 September 2014. A customer from Fishery and Fish Supply segment with revenue more than 10% of the Group's total revenue amounted to approximately HK$1,747,200,000 for the year ended 28 September 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

7. Other Operating Income

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
		(restated)
Other operating income comprises:		
Administrative income charged to associates	**683**	996
Compensation received from suppliers of fish[(a)]	**179,198**	157,221
Interest income	**151**	880
Rental income from properties	**3,051**	2,129
Realised gain on derivative financial instruments	**267,312**	325,670
Exchange gain, net	**86,559**	87,524
Fair value changes of derivative financial instruments	**9,701**	–
Gain on disposal of property, plant and equipment	**5,538**	3,221
Gain on revaluation of investment properties	**4,697**	–
Gain on disposal of interest in an associate	**316,447**	–
Gain on bargain purchase on acquisition of subsidiary (Note 38)	**–**	448,580
Gain on disposal of available-for-sale investments, net	**–**	101,035
Sundry income	**44,078**	15,644
	917,415	**1,142,900**

[(a)] This relates to compensation for non-delivery of fish from suppliers within the stipulated timeframe.

8. Finance Costs

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Amortisation of senior notes issuing expenses	**16,530**	11,590
Interest on bank overdraft and loans	**348,131**	283,240
Interest on finance leases	**1,782**	4,268
Interest on senior notes	**399,861**	233,791
Interest on bonds	**55,409**	53,186
Interest on amounts due to PAIH and its subsidiaries (Note 27)	**83**	111
	821,796	586,186

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

9. Profit for the Year

Profit for the year has been arrived at after charging (crediting):

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Directors' emoluments:		
– of the Company	**7,499**	7,732
– of the subsidiaries	**10,891**	11,122
Contributions to retirement benefit scheme, net of forfeitures	**20,840**	13,198
Staff costs, excluding directors' emoluments and retirement benefits contributions	**44,581**	38,195
Crew wages	**285,571**	141,344
Audit fees paid to auditors of the Company	**2,995**	4,904
Audit fees paid to other auditors of the Group	**9,490**	7,691
Non-audit fees paid to auditors of the Company	**2,365**	2,574
Non-audit fees paid to other auditors of the Group	**600**	3,120
Amortisation of prepayment to suppliers (included in cost of sales)	**108,143**	237,641
Depreciation of property, plant and equipment	**646,407**	790,983
(Gain) loss on revaluation of investment properties	**(4,697)**	247
Fair value changes of available-for-sale investments	**1,532**	–
Fair value changes of held-for-trading investments	**26,951**	–
Fair value changes of derivative financial instruments	**(9,701)**	34,562
Impairment loss on property, plant and equipment	**16,844**	350,356
Gain on disposal of property, plant and equipment	**(5,538)**	(3,221)
Exchange gain, net	**(86,559)**	(87,524)
Quota fee (included in cost of sales)	**50,767**	18,343
Cost of inventories included in cost of sales	**4,270,076**	5,979,033

10. Directors' and Key Management Personnel's Emoluments

The emoluments of directors and other members of key management during the year were as follows:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Short-term benefits	**17,742**	18,206
Post-employment benefits	**648**	648
Total	**18,390**	18,854

The emoluments of directors and key management are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Included in the emoluments of directors and other members of key management for the year of HK$18,390,000 (2013: HK$18,854,000) is an amount of HK$6,517,000 (2013: HK$6,597,000) charged by PAIH and its subsidiaries as administrative expense, which was calculated in accordance with the management agreement signed on 3 September 1996 and updated by a supplemental agreement dated 22 July 2003.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

11. Income Tax (Expense) Benefit

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
The charge comprises:		
Income tax (expense) benefit for the year		
– Other jurisdictions	**(152,966)**	3,810
(Under) over provision in respect of prior years		
– Other jurisdictions	**(10,120)**	13,600
Deferred tax (Note 35)	**70,557**	53,157
	(92,529)	70,567

The income tax expense varied from the amount of income tax expense determined by applying the Hong Kong profits tax rate of 16.5% (2013: 16.5%) to profit before income tax as a result of the following differences:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000 (restated)
Hong Kong profits tax at statutory rate	**(208,358)**	(152,426)
Non-taxable items	**151,605**	174,264
Overprovision in respect of prior years	**(10,120)**	13,600
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(31,514)**	25,635
Tax effect of share of results of associates	**5,858**	9,494
Total Hong Kong profits tax at effective tax rate	**(92,529)**	70,567

Taxation in other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

12. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
		(restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**953,382**	747,715

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**4,790,992,338**	4,790,992,338
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**4,790,992,338**	4,790,992,338

13. Dividends

During the financial year, the Company paid dividends as follows:

	THE COMPANY	
	2014	2013
	HK$'000	HK$'000
Final dividend of 0.3 Singapore cent per ordinary share in respect of the previous financial year	**88,386**	90,083

The final dividend paid in cash during the year ended 28 September 2014 of 0.30 Singapore cent (1.86 HK cents) per ordinary shares was HK$88,386,000.

In respect of the current year, the Directors do not recommend the payment of final dividend.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

14. Property, Plant And Equipment

THE GROUP

	Leasehold land and buildings HK$'000	Freehold land HK$'000	Freehold buildings HK$'000	Processing vessel HK$'000	Vessels HK$'000	Fishing vessels HK$'000	Fishing nets HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction-in-progress HK$'000	Total HK$'000
COST OR VALUATION													
At 29 September 2012	111,978	65,958	196,733	616,456	436,280	1,453,749	76,321	18,073	57,562	14,633	3,244,461	420,299	6,712,503
Acquisition of Subsidiary [Note 38] (restated)	–	145,491	112,305	–	–	597,185	47,076	3,136	15,436	69	718,099	47,626	1,686,423
Acquisition of assets	–	–	–	–	–	19,500	–	–	–	–	–	–	19,500
Additions	–	–	–	–	–	1,409	–	59	481	–	55,010	61,807	118,766
Reclassification	–	1,270	27,991	–	–	12,136	372	313	2,325	–	82,845	(127,252)	–
Disposals	–	–	–	–	–	(20,905)	–	(63)	(47)	(511)	(195)	–	(21,721)
Adjustment on asset revaluation	4,720	–	–	–	–	–	–	–	–	–	–	–	4,720
Exchange realignment	–	1,057	3,737	–	–	8,195	1,358	109	310	49	10,467	428	25,710
At 28 September 2013 (restated)	116,698	213,776	340,766	616,456	436,280	2,071,269	125,127	21,627	76,067	14,240	4,110,687	402,908	8,545,901
Additions	–	–	–	–	22,620	226,646	84	34	226	–	106,996	361,823	718,429
Reclassification	–	127,194	48,869	–	–	74,963	20,016	1,974	4,315	286	125,429	(403,046)	–
Disposals	–	–	(2,358)	–	–	(52,008)	(10,459)	(1,300)	(1,170)	(1,139)	(1,360,841)	–	(1,429,275)
Adjustment on asset revaluation	5,590	–	–	–	–	–	–	–	–	–	–	–	5,590
At 28 September 2014	122,288	340,970	387,277	616,456	458,900	2,320,870	134,768	22,335	79,438	13,387	2,982,271	361,685	7,840,645
Comprising:													
28 September 2014													
At cost	–	340,970	387,277	616,456	458,900	2,320,870	134,768	22,335	79,438	13,387	2,982,271	361,685	7,718,357
At valuation	122,288	–	–	–	–	–	–	–	–	–	–	–	122,288
	122,288	340,970	387,277	616,456	458,900	2,320,870	134,768	22,335	79,438	13,387	2,982,271	361,685	7,840,645
28 September 2013													
At cost	–	213,776	340,766	616,456	436,280	2,071,269	125,127	21,627	76,067	14,240	4,110,687	402,908	8,429,203
At valuation	116,698	–	–	–	–	–	–	–	–	–	–	–	116,698
	116,698	213,776	340,766	616,456	436,280	2,071,269	125,127	21,627	76,067	14,240	4,110,687	402,908	8,545,901
ACCUMULATED DEPRECIATION													
At 29 September 2012	–	–	40,121	64,226	149,414	303,909	69,122	14,605	25,686	13,926	1,398,638	–	2,079,647
Depreciation	4,481	–	8,933	22,668	22,227	96,610	20,464	1,231	5,246	489	608,634	–	790,983
Disposals	–	–	–	–	–	(20,905)	–	(63)	(47)	(511)	(195)	–	(21,721)
Adjustment on asset revaluation	(4,481)	–	–	–	–	–	–	–	–	–	–	–	(4,481)
Exchange realignment	–	–	869	–	–	2,343	867	41	161	49	3,731	–	8,061
At 28 September 2013	–	–	49,923	86,894	171,641	381,957	90,453	15,814	31,046	13,953	2,010,808	–	2,852,489
Depreciation	4,690	–	29,301	22,668	16,723	154,927	38,678	1,712	9,322	303	368,083	–	646,407
Disposals	–	–	(371)	–	–	(20,488)	(7,666)	(1,284)	(624)	(1,139)	(1,095,111)	–	(1,126,683)
Adjustment on asset revaluation	(4,690)	–	–	–	–	–	–	–	–	–	–	–	(4,690)
At 28 September 2014	–	–	78,853	109,562	188,364	516,396	121,465	16,242	39,744	13,117	1,283,780	–	2,367,523
IMPAIRMENT													
At 28 September 2012	–	–	–	–	–	44,067	–	–	–	–	15,938	–	60,005
Impairment loss recognised	–	–	–	273,000	–	39,556	411	560	1,605	87	35,137	–	350,356
At 28 September 2013	–	–	–	273,000	–	83,623	411	560	1,605	87	51,075	–	410,361
Impairment loss recognised	–	–	–	–	–	–	–	–	–	–	16,844	–	16,844
At 28 September 2014	–	–	–	273,000	–	83,623	411	560	1,605	87	67,919	–	427,205
CARRYING AMOUNT													
At 28 September 2014	122,288	340,970	308,424	233,894	270,536	1,720,851	12,892	5,533	38,089	183	1,630,572	361,685	5,045,917
At 28 September 2013	116,698	213,776	290,843	256,562	264,639	1,605,689	34,263	5,253	43,416	200	2,048,804	402,908	5,283,051

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

14. Property, Plant and Equipment – continued

During the year, the Group made an impairment loss of HK$16,844,000 (2013: HK$77,356,000) for certain fishing vessels and plant and machineries that management has identified for scrapping. These impairment losses have been recognised in profit or loss and included in a line item other operating expenses. In addition, impairment loss of HK$273,000,000 was recognised for the processing vessel in 2013.

The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 17.62% (2013: 13.65%).

For the year ended 28 September 2013, the carrying amounts of the Group's property, plant and equipment includes an amount of HK$26,442,000 in respect of assets held under finance leases (Note 30).

Fair Value Measurement of the Group's Leasehold Buildings

The carrying amount of leasehold land and buildings represents land and buildings in Hong Kong with more than 50 years of lease remaining at the end of the reporting period.

The Group's buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's leasehold buildings as at 28 September 2014 and 28 September 2013 were performed by BMI Appraisals Limited, independent valuers not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the properties in Hong Kong and Singapore.

The fair value of the buildings was determined on an open market value basis as at 28 September 2014 using the Direct Comparison Method and was performed in accordance with International Valuation Standards. There has been no change to the valuation technique during the year. Details of the group's leasehold land and buildings and information about the fair value hierarchy as at 28 September 2014 are as follows:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value as at 28 September 2014 HK$'000
Buildings	–	–	122,288	122,288

There was no transfer between Level 2 and Level 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

14. Property, Plant and Equipment – continued

If leasehold land and buildings of the Group had not been revalued, they would have been included on a historical cost basis at the following amounts:

	2014 HK$'000	2013 HK$'000
Cost	**62,576**	62,576
Accumulated depreciation	**(18,965)**	(16,851)
Carrying amount	**43,611**	45,725

Fair value measurement of the Group's leasehold buildings

The following table gives information about how the revalued amount of the land and buildings are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Property, plant and equipment held by the Group	Fair value as at 28 September 2014 HK$	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
Commercial property in Singapore	43,768	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Approximate HK$12,917 per sq. ft.	There is no indication that any slight change in the adjusted market price would result in significant higher or lower fair value measurement.
Commercial properties in Hong Kong	78,520	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Range from HK$9,050 per sq. ft. to HK$9,649 per sq. ft.	There is no indication that any slight change in the adjusted market price would result in significant higher or lower fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

15. Investment Properties

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Valuation at beginning of year	**52,135**	51,449
Disposal during the year	**(16,201)**	–
Gain (loss) on revaluation of investment properties	**4,697**	(247)
Exchange realignment	**(250)**	933
Valuation at end of year	**40,381**	52,135

Fair Value Measurement of the Group's Investment Property

As at the end of the reporting period, the fair value of the Group's investment property has been determined on the basis of valuation carried out by BMI Appraisals Limited, a firm of independent professional valuers on 28 September 2014 (2013: 28 September 2013), having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was arrived at HK$40,381,000 (2013: HK$52,135,000) using Income Capitalisation Method and was performed in accordance with International Valuation Standards. In estimating the fair value of the investment property, the highest and best use of the property is their current use. There has been no change to the valuation technique during the year.

The following table gives information about how the fair value of the investment property is determined (in particular, the valuation technique and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which inputs to the fair value measure is observable.

Investment properties held by the Group	Fair value as at 28 September 2014 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
Commercial property in Singapore	26,400	Level 3	Income Capitalisation Method The key inputs are (1) Term yield (2) Reversionary yield (3) Monthly term rental (4) Monthly reversionary rental	Term yield: 3.6% Reversionary yield: 3.6% Monthly term rental: HK$45.2 per sq. ft. Monthly reversionary rental: an average of HK$42.9 per sq. ft.	There is no indication that any slight change in the term yield would result in significant higher or lower fair value measurement. There is no indication that any slight change in the reversionary yield would result in significant higher or lower fair value measurement. No sensitivity analysis for monthly term rental since they are derived from existing rental agreement. There is no indication that any slight change in the monthly reversionary rental would result in significant higher or lower fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

15. Investment Properties – continued

Investment properties held by the Group	Fair value as at 28 September 2014 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
Commercial properties in PRC	10,171	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Range from HK$2,212 per sq. ft. to HK$2,216 per sq. ft.	There is no indication that any slight change in the adjusted market price would result in significant higher or lower fair value measurement.
Residential property in PRC	3,810	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Approximately HK$3,650 per sq. ft.	There is no indication that any slight change in the adjusted market price would result in significant higher or lower fair value measurement.

There was no transfer between Levels 2 and 3 during the year.

The carrying value of investment properties shown above comprises:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Investment properties in the PRC under long leases	**3,810**	17,794
Investment properties in the PRC under medium leases	**10,171**	9,241
Investment properties in Singapore under long leases	**26,400**	25,100
	40,381	52,135

Long leases refer to the leases with terms of more than 50 years remaining at the end of the reporting period and medium leases refer to leases with terms of 50 years or less remaining at the end of the reporting period.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to HK$3,051,000 (2013: HK$2,129,000). Direct operating expenses arising on the investment properties in the year amounted to HK$807,000 (2013: HK$722,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

16. Goodwill

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
At beginning and end of year	**2,952,461**	2,952,461

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to each CGU as follows:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Contract Supply business	**1,784,700**	1,784,700
Peruvian fishmeal operations	**1,167,761**	1,167,761
	2,952,461	2,952,461

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

In 2014, the Group engaged an independent financial advisor located in Hong Kong, BMI Appraisal Limited, to determine the value of Contract Supply business and Peruvian fishmeal operations as of 28 September 2014 (2013: 28 September 2013).

The assessment of recoverability of the carrying amount of goodwill includes:

(i) forecasted projected cash flows up to 2024 (2013: 2023) and projection of terminal value using the perpetuity method;

(ii) growth rate of 2.5% (2013: 3.0%); and

(iii) use of 10.25% (2013: 8.93%) for Contract Supply business and use of 24.52% (2013: 18.01%) for Peruvian fishmeal operations to discount the projected cash flows to net present values.

As at 28 September 2014 and 2013, any reasonably possible change to key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amount of the CGUs.

Based on the above assessments, management expects the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

17. Receivables From/Prepayment to Suppliers/Advances to Suppliers

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Total prepayment to suppliers	**3,394,560**	3,394,560
Less: repayment from suppliers	**(865,800)**	–
Less: Accumulated amortisation	**(1,510,664)**	(1,402,521)
	1,018,096	1,992,039
Included as current assets	**(850,200)**	(205,123)
Included as non-current assets	**167,896**	1,786,916
Accumulated amortisation:		
At beginning of year	**1,402,521**	1,164,880
Amortisation during the year	**108,143**	237,641
At end of year	**1,510,664**	1,402,521

With effect from 16 July 2012, a subsidiary, China Fisheries International Limited ("CFIL"), had entered into long-term supply agreements with two companies, Perun Limited ("Perun") and Alatir Limited ("Alatir") (collectively referred to as the "Suppliers"), to prepay for supply of fish for 23 vessels for 10 to 18 years up to 2030.

To secure the benefits from the prepayments and to ensure that the counterparties comply with their obligations under the long-term supply agreements, the counterparties executed the following documents in favour of CFIL:

(i) charges of all the issued shares of Perun and Alatir; and

(ii) debentures over all the present and future assets of Perun and Alatir.

On 1 April 2014, the long-term supply agreements were terminated. The amount of prepaid fixed price shall be entitled to be refunded in cash or in the form of fish supply by 28 March 2016.

Advances to Suppliers

The advances to Suppliers as of 28 September 2013 were unsecured, interest-free and represented advances for working capital under the long term supply agreements. As at 28 September 2014, the advances amount remained unsecured, interest-free and will be offset against future purchases of fish from the Suppliers.

18. Available-for-Sale Investments

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Unquoted equity securities	**7,800**	7,800
Unquoted debt securities	**–**	2,685
Quoted equity securities	**6,237**	14,908
	14,037	25,393

Unquoted equity securities represents 1.9% (2013: 1.9%) interest of a company, and the investment is carried at cost as the fair value cannot be reasonably determined. In the opinion of management, no impairment is considered necessary.

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For the financial year ended 28 September 2014

19. Interests in Subsidiaries

	THE COMPANY	
	2014	2013
	HK$'000	HK$'000
Amounts due from subsidiaries	**7,569,842**	6,605,417

Particulars of the subsidiaries at 28 September 2014 are set out in Note 45. The amounts due from subsidiaries are denominated in Hong Kong dollars, unsecured, bear interest at variable rates ranging from 2.15% to 2.17% (2013: 3.36% to 3.45%) per annum and repayable on demand. Management does not expect any demand to be made for payment within the next twelve months. Interest rates are determined on monthly basis.

Management is of the opinion that the carrying amount of amounts due from subsidiaries approximate their fair value, as the interest charged is determined with reference to market rate.

20. Interests in Associates

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Share of net assets	**37,956**	542,615
Comprising:		
Cost of investment in associates	**36,109**	483,411
Share of post-acquisition profits, net of dividend income received	**1,847**	59,204
	37,956	542,615

At the end of the reporting period, the Group had interests in the following associates:

Name of entity	**Country of incorporation or registration/operation**	**Percentage of equity interest and voting operation power held**		**Principal activities**
		2014	2013	
Pacos Trading Limited	Republic of Cyprus/ Worldwide	**20%**	20%	Acting as shipping agency
Paco (ET) Limited	Republic of Cyprus/ Worldwide	**20%**	20%	Inactive
Paco (GT) Limited	Republic of Cyprus/ Worldwide	**20%**	20%	Inactive
Paco (HT) Limited	Republic of Cyprus/ Worldwide	**20%**	20%	Inactive
Tassal Group Limited [1]	Australia/Australia	**–**	22.73%	Engaged in the hatching, arming, processing, sale and marketing of Atlantic salmon in Australia
Aproferrol S.A. [2]	Peru	**38.49%**	–	Engaged in the processing of waste water from companies that produce fishmeal and fishoil in Chimbote, Peru

[1] Listed on the Australian Securities Exchange.

[2] The associate is audited by other audit firm.

All the other associates are audited by member firms of Deloitte Touche Tohmatsu, of which Deloitte & Touche LLP, Singapore is a member.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

20. Interests in Associates – continued

Summarised financial information in respect of the Group's associates is set out below:

	2014	2013
	HK$'000	HK$'000
Total assets	**139,915**	3,637,546
Total liabilities	**(42,039)**	(1,377,755)
Net assets	**97,876**	2,259,791
Group's share of associates' net assets	**37,956**	542,615
Revenue	**1,163,285**	2,203,456
Profit for the year	**155,942**	252,651
Group's share of associates' profit for the year	**35,504**	57,540

On 29 May 2014, the Company's indirect subsidiary, Quality Food (Singapore) Pte. Limited ("Quality Food"), entered into an agreement ("Agreement") to sell 26,500,000 existing fully paid ordinary shares in Tassal Group Limited ("Tassal") ("Sale Shares") at the price of A$3.65 per Sale Share ("Sale Price").

The profit for the year arising from Tassal and the subsequent disposal is analysed as follows:

	2014	2013
	HK$'000	HK$'000
Profit of Tassal for the year	**35,584**	57,802
Gain on disposal of Tassal	**316,447**	–
	352,031	57,802

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For the financial year ended 28 September 2014

20. Interests in Associates – continued

The results of Tassal operation for the period from 29 September 2013 to 29 May 2014, are as follows:

	2014	2013
	HK$'000	HK$'000
Revenue	**917,180**	1,898,907
Cost of sales	**(492,895)**	(1,046,689)
Other income	**88,147**	110,976
Administrative expenses	**(218,910)**	(456,590)
Finance costs	**(18,272)**	(42,777)
Other expenses	**(55,227)**	(130,315)
Share of results of associates and Joint ventures	**1,134**	5,213
Profit before tax	**221,157**	338,725
Income tax expense	**(64,811)**	(100,152)
Profit for the year (attributable to the company)	**156,346**	238,573

The Sale Shares represent approximately 18.09% of the entire issued share capital of Tassal. On Completion, Tassal will cease to be an associate company of the Company. Quality Food will own 6,799,499 shares in Tassal representing approximately 4.64% of the entire issued share capital of Tassal. The investment in Tassal had been reclassified to financial assets classified as held-for-trading amounting to HK$166,807,000 (Note 20) as at 28 September 2014.

21. Other Intangible Assets

	THE GROUP		
	Fishing and plant permits	**Club memberships**	**Total**
	HK$'000	HK$'000	HK$'000
Cost:			
At 29 September 2012	1,823,905	2,728	1,826,633
From acquisition of subsidiaries (Note 38)	7,697,914	–	7,697,914
Exchange realignment	15,010	–	15,010
At 28 September 2013 and 2014	9,536,829	2,728	9,539,557

Fishing and plant permits are granted by the authority in Peru. The fishing permits are attached to fishing vessels and are transferable to other fishing vessels.

Management has obtained legal advice that the fishing and plant permits do not have a finite term and remain in full force and good standing as long as the applicable legal requirements are complied with. Accordingly, the costs of fishing and plant permits are not amortised.

As stated in Note 16, the Group has engaged an independent financial advisor located in Hong Kong to determine the value of the Peruvian operations. Based on that report and management's assessment of business prospects, management expects the carrying amount of fishing and plant permits to be recoverable and there is no impairment in value of the fishing and plant permits.

Club memberships have infinite life and are not amortised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

22. Inventories

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Inventories at cost consist of the following:		
Fishmeal	**613,395**	477,806
Frozen seafood	**528,105**	301,550
Fuel	**27,335**	30,524
Supplies	**160,499**	113,905
	1,329,334	923,785

Fishmeal with carrying amounts of HK$385,967,000 (2013: HK$63,882,000) have been pledged as security for the Group's bank overdrafts and certain loans totalling HK$526,295,000 (2013: HK$173,300,000) (Note 31).

23. Trade Receivables

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Outside parties	**1,721,587**	1,832,860

As at 28 September 2014, an allowance for estimated irrecoverable amount from the sale of goods to third parties of HK$172,000 has been determined by reference to management's estimation of irrecoverable amounts. The Group has provided fully for receivables over 180 days based on historical experience.

For the remaining trade receivables of HK$1,721,587,000 (2013: HK$1,832,860,000), the majority is neither past due nor impaired.

The credit period granted on sale of goods is up to 180 days (2013: 180 days). No interest is charged on overdue balances.

The amounts due from associates in 2013 were unsecured, interest-free and repayable on demand.

Movement in the allowance for doubtful debts:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Balance at beginning of the year	**172**	334
Written off against trade receivables during the year	**(172)**	(162)
Balance at end of the year	**–**	172

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

24. Other Receivables and Prepayments

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Suppliers	**790,030**	801,486	**–**	–
Other receivables and prepayments	**991,089**	446,634	**1,770**	–
Deferred expenditure	**325,296**	256,901	**–**	–
Prepayments for fish	**7,346,324**	5,815,115	**–**	–
	9,452,739	7,320,136	**1,770**	–

In 2014, the balances with the Suppliers are unsecured, interest-free and are stated net of amounts payable to the Suppliers in respect of payments made by them on behalf of the Group. This offset has been effected on the basis of arrangements amongst members of the Group and the Suppliers as disclosed in Note 4(b).

In 2013, the balances with Suppliers represented advances to the Suppliers for working capital advances for the supply of fish to the Group under the long term supply agreements (Note 17).

The other receivables balances are neither past due nor impaired.

25. Cash and Cash Equivalents

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks	**1,021,896**	448,962	**682**	841
Cash on hand	**3,716**	4,499	**–**	–
Short term deposits	**–**	162,310	**–**	–
Total cash and cash equivalents	**1,025,612**	615,771	**682**	841

The interest rates on cash placed with financial institutions ranged from Nil% to 0.01% (2013: Nil% to 0.4%) per annum.

As of 28 September 2013, debt instruments amounting to HK$162,310,000 bore a short-term market interest rate of 5.30%.

As at 28 September 2014, cash at bank amounting to HK$865,800,000 are set aside to redeem the senior notes of Copeinca and/or club loans.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

26. Trade and Other Payables

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade creditors and accruals	**249,848**	217,981	**–**	–
Interest payable	**93,588**	86,614	**23,924**	15,832
Statutory employees profit share [(a)]	**52,603**	3,487	**–**	–
Provision for claims [Note 33(a)]	**17,386**	–	**–**	–
	413,425	308,082	**23,924**	15,832

Trade payables principally comprise amounts comprise amounts outstanding for vessel operating costs and trade purchases.

The average credit period on purchase of goods is 30 days (2013: 30 days). No interest is charged on overdue balances. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The amounts due to associates are unsecured, interest-free and repayable on demand.

(a) In accordance with Peruvian labour laws, employees of the Group's Peruvian subsidiaries are entitled to 10% share of the taxable profit of the Peruvian subsidiaries. The movements of the balance during the financial year are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At beginning of year	**3,487**	27,885
Capitalised in inventories	**24,882**	–
Charged to profit or loss	**30,989**	2,203
Payments during the year	**(6,755)**	(26,601)
At end of year	**52,603**	3,487

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

27. Amounts Due to Pacific Andes International Holdings Limited and its Subsidiaries

The amounts due are unsecured, repayable on demand and bear interest at the funding cost of PAIH (Note 44) and its subsidiaries at rates ranging from 2.15% to 2.17% (2013: 2.18% to 2.21%) per annum.

28. Derivative Financial Instruments

During the year, the Group entered into foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk of anticipated sales and purchase transactions which are denominated in foreign currencies. These derivatives contracts are not accounted for under hedge accounting.

At the end of the reporting period, the fair value of the foreign currency forward contracts is HK$9,701,000 gain (2013: HK$54,712,000 loss), which is settled on net basis. These amounts are based on quoted market prices for equivalent instruments at the end of the reporting period.

Changes in fair value of HK$9,701,000 (2013: HK$34,562,000) have been credited (2013: charged) to profit or loss during the year and included in the line item other operating income (2013: expenses) (Note 7).

The major terms of the foreign currency forward contracts are as follows:

2014

Aggregate principal amount	Maturity dates	Contracted exchange rates
Sell JPY 72,505,419,000	From June 2016 to September 2017	US$1 at JPY97.4 to JPY101.7
Sell Euro 140,000,000	August 2017	Euro1 at US$1.37

2013

Aggregate principal amount	Maturity dates	Contracted exchange rates
Sell JPY 37,434,600,000	From September 2015 to July 2016	US$1 at JPY89.9 to JPY94.95
Sell Euro 44,000,000	July 2015	Euro1 at US$1.37
Sell US$415,238,000	From June 2012 to May 2016	US$1 at RMB6.30 to RMB6.40

Fair value measurement of the Group's derivative financial instruments

As at the end of the reporting period, the fair value of the Group's derivative financial instruments have been determined based on discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the financial year) and contracted exchange rates, discounted at a rate that reflects the credit risk of the Group or the counterparties, as appropriate.

Details of the Group's derivative financial instrument and information about the fair value hierarchy as at 28 September 2014 are as follows:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value as at 28 September 2014 HK$'000
Structured foreign currency forward contracts treated as derivative financial instruments in the statement of financial position	–	–	9,701	9,701

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

28. Derivative Financial Instruments – continued

Fair value measurement of the Group's derivative financial instrument – continued

There was no transfer between Level 2 and Level 3 during the year.

Financial asset	Fair value as at 28 September 2014 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
Derivative financial instrument	9,701	Level 3	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and interest rates (from observable forward exchange rates and interest rates at the end of the reporting period) and contracted forward rates, volatility and correlation discounted at a rate that reflects the credit risk of various counterparties.	Volatility of exchange rates	A significant increase in volatility would result in a significant decrease in fair value and vice versa.
				Correlation of the exchange rates involved in the contract	A significant increase in correlation would result in a significant increase in fair value and vice versa.

29. Bank Advances Drawn on Bills

As at 28 September 2013, bank advances drawn on bills amounting to HK$7,060,000 were with recourse and bear interest rates at 2.54% per annum. These matured in December 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

30. Finance Leases

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under finance leases:				
Within one year	–	37,541	–	30,151
In the second to fifth year inclusive	–	4,376	–	3,666
Less: Future finance charges	–	(8,100)	–	–
Present value of lease obligations	–	33,817	–	33,817
Less: Amount due for settlement within 12 months (shown under current liabilities)			–	(30,151)
Amount due for settlement after 12 months			–	3,666

All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The carrying amounts of the Group's lease obligations approximated their fair value.

The Group's obligations under finance leases were secured by the lessors' title to the leased assets (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

31. Interest-Bearing Bank Borrowings

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Interest-bearing bank borrowings comprise:		
Trust receipt loans and short-term bank loans	**4,644,614**	4,145,918
Club loans and term loans	**4,777,500**	5,334,238
Bank overdrafts	**7,673**	7,777
	9,429,787	9,487,933
Less: Issuing costs	**(146,484)**	(32,219)
	9,283,303	9,455,714
Analysed as:		
Secured	**526,295**	173,300
Unsecured	**8,757,008**	9,282,414
	9,283,303	9,455,714
Repayable as follows:		
On demand or within one year	**6,347,618**	7,897,734
In the second year	**947,514**	1,557,980
In the third year	**964,290**	–
In the fourth year	**1,023,881**	–
	9,283,303	9,455,714
Less: Amount due for settlement within one year included under current liabilities	**(6,347,618)**	(7,897,734)
Amount due after one year	**2,935,685**	1,557,980

Short-term bank borrowings of the Group amounting to HK$526,295,000 (2013: HK$173,300,000) bear interest ranging from 2.35% to 3.40% (2013: 2.75% to 2.94%) per annum and are secured over the Group's fishmeal (Note 43).

The remaining unsecured club loans, term loans, revolving loans and trust receipt loans bear interest at variable rates ranging from 1.25% to 4.04% (2013: 2.20% to 3.68%) per annum.

Management estimates that the fair values of the bank borrowings approximate their carrying amounts as the Group's borrowing rates approximate the market rates available at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

32. Bonds

a) The Chinese Renminbi denominated unsecured bonds (2013: HK$721,476,000) was issued on 2 June 2011. The Company has the option of redeeming the bonds in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the bondholders.

The interest expenses charged to profit or loss is calculated by applying an effective interest rate of 7.5% per annum on the outstanding bonds.

During the year ended 28 September 2012, a principal amount of RMB30,000,000 (approximately HK$37,127,000) bonds was repurchased from market at a consideration of RMB26,175,000 (approximately HK$32,393,000) resulting in a gain on repurchase of bonds of HK$4,000,000 after amortisation cost.

The outstanding principal of the bonds have been fully redeemed on 2 June 2014 with all accrued interest paid.

b) The Singapore dollar denominated unsecured bonds was issued on 30 July 2014 and will be redeemed on 30 July 2017. Interest of 8.5% per annum will be paid semi-annually until the settlement date.

The interest expenses charged is calculated by applying an effective interest rate of 9.5% per annum on the bonds outstanding.

Management estimated that the fair value of the bonds approximate their carrying amounts as the bonds effective interest rate approximate the market rates available at the end of the reporting period. There has been no change to the valuation technique and no transfers between Level 2 and Level 3 of the fair value hierarchy during the year.

At 28 September 2014, the outstanding principal of the bonds amounted to S$200,000,000 (approximately HK$1,222,000,000).

33. Long Term Payables

	2014	2013
	HK$'000	HK$'000
		(restated)
Long term trade payables	**93,109**	101,088
Provision for claims [(a)]	**92,935**	98,108
Other payables and accrued expenses	**7,940**	14,227
Other provisions [(b)]	**–**	62,034
	193,984	275,457

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

33. Long Term Payables – continued

(a) Movements in the provision for claims are as follows:

	2014 HK$'000	2013 HK$'000 (restated)
At beginning of year	**98,108**	22,843
Charged to profit or loss	**26,575**	10,756
Settlement during the year	**(14,362)**	–
Arising on acquisition of subsidiary (restated)	**–**	64,509
	110,321	98,108
Included as current liabilities (Note 26)	**(17,386)**	–
Included as non-current liabilities	**92,935**	98,108

(b) This represents the provision for fishing ban expenses, fish expenses and laboral reposition of personnel.

The long term payables are unsecured, interest-free and not to be repaid within 12 months.

The fair values of the Group's long term payables approximate their carrying amount.

34. Senior Notes

	2014 HK$'000	2013 HK$'000
At beginning of the year	**4,080,896**	2,120,094
Amortization of issuance cost	**16,530**	11,590
Arising on acquisition of subsidiaries [(b)]	**–**	1,949,212
At end of the year	**4,097,426**	4,080,896

(a) On 24 July 2012, the Group, through its subsidiary, CFG Investment S.A.C. ("CFGI"), issued guaranteed senior fixed rate notes with aggregate nominal value of US$300,000,000 (approximately HK$2,340,000,000) (the "Notes") which carried fixed interest of 9.75% per annum (interest payable semi-annually in arrears) and was repayable by 30 July 2019.

The Notes are listed on the Singapore Exchange Securities Trading Limited. They are unsecured and guaranteed by China Fishery Group Limited ("China Fishery") and certain subsidiaries of China Fishery. The guarantees are effectively subordinated to secure obligations of each guarantor, to the extent of the value of assets serving as security.

At any time prior to 30 July 2016, CFGI may redeem the Notes in whole or in part at the principal amount of the Notes plus an applicable premium and accrued interest provided that any partial redemption shall not result in less than US$100 million (approximately HK$780 million) of outstanding Notes. At any time prior to and up to 30 July 2016, CFGI may redeem up to 35% of the Notes, with net cash proceeds from issue of ordinary shares of China Fishery or sale of ordinary shares of CFGI, at the redemption price equal to 109.75% of the principal amount of the Notes plus accrued and unpaid interests, if any, as of the redemption date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

34. Senior Notes – continued

(a) – continued

The Notes contained certain covenants that limited China Fishery's and certain subsidiaries' abilities to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred shares;
- declare dividends or purchase or redeem shares;
- make investments or other specified restricted payments;
- issue or sell shares of certain subsidiaries;
- sell assets or create any lien; and
- enter into sale and leaseback transactions.

Management estimated the fair value of the Notes at 28 September 2014 to be approximately HK$2,133,852,000 (2013: HK$2,126,982,000). The fair value measurement is classified under level 2 of the fair value hierarchy and has been calculated based on the bid price extracted from Bloomberg as at 28 September 2014 (2013: 28 September 2013). (The fair value has been calculated by assuming redemption on 30 July 2019, using effective interest rate of 14.19% per annum with reference to the US Treasury Zero Coupon Bonds and holding the credit risk margin constant.) There has been no change to the valuation technique and no transfers between Level 2 and Level 3 of the fair value hierarchy during the year.

The net carrying amount of the Notes was stated net of issue expenses totalling HK$132,951,000. Such expenses were amortised over the life of the Notes by charging the expenses to profit or loss and increasing the net carrying amount of the Notes with the corresponding amount. As of 28 September 2014, accumulated amortisation amounted to HK$29,293,000 (2013: HK$13,012,000).

(b) On 2 February 2010, Copeinca S.A.C. agreed with Credit Suisse Securities (USA) LLC, as representative of several purchasers, to issue and sell to the several purchasers, US$175 million (approximately HK$1,365 million) principal amount of its 9.00% senior notes due in 2017 to be issued under an indenture dated 10 February 2010, between Copeinca S.A.C., the Guarantor and Deutsche Bank Trust Company Americas, as trustee, guaranteed on an unsecured senior basis by the Company. Coupons bear a 9% interest and are payable on a semi-annual basis.

In January 2013, Copeinca S.A.C., reopened its US$175 million (approximately HK$1,365 million) 9.00% senior notes due in 2017 raising gross proceeds of US$75 million (approximately HK$585 million), which are guaranteed by Copeinca ASA. The issue of these notes corresponds to a single issue of the US$175 million (approximately HK$1,365 million) on 9.00% senior notes due 2017.

The total aggregate principal amount of the 9.00% senior notes due in 2017 outstanding following such reopening amounts to US$250 million (approximately HK$1,950 million).

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34. Senior Notes – continued

(b) – continued

The Notes contained certain covenants that limited the Copeinca's and certain subsidiaries' abilities to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred shares;
- declare dividends or purchase or redeem shares;
- make investments or other specified restricted payments;
- issue or sell shares of certain subsidiaries;
- sell assets or create any lien; and
- enter into sale and leaseback transactions.

Management estimated the fair value of the Notes at 28 September 2014 to be approximately US$247,500,000 (approximately HK$1,930,500,000) (2013: US$251,250,000 (HK$1,959,750,000)). The fair value measurement is classified under Level 2 of the fair value hierarchy and has been calculated based on the bid price extracted from Bloomberg as at 28 September 2014 (2013: 28 September 2013). There has been no change to the valuation technique and no transfers between Level 2 and Level 3 of the fair value hierarchy during the year.

The net carrying amount of the Notes was stated net of issue expenses totaling US$948,000 (approximately HK$7,394,000). Such expenses were amortised over the life of the Notes by charging the expenses to the profit or loss using effective interest rate of 9.59% per annum and increasing the net carrying amount of the Notes with the corresponding amount. As of 28 September 2014, accumulated amortisation amounted to US$144,000 (approximately HK$1,123,000) (2013:US$112,000 (approximately HK$874,000)).

35. Deferred Tax Liabilities

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current year:

	Fair value adjustments [1] HK$'000	Provisions HK$'000	Total HK$'000
THE GROUP			
At 29 September 2012	486,869	(13,480)	473,389
Acquisition of subsidiaries (Note 38) (restated)	2,042,836	–	2,042,836
Credited to consolidated income statement (Note 11)	(53,157)	–	(53,157)
Exchange realignment	5,748	–	5,748
At 28 September 2013 (restated)	2,482,296	(13,480)	2,468,816
Credited to consolidated income statement (Note 11)	(70,557)	–	(70,557)
At 28 September 2014	2,411,739	(13,480)	2,398,259

[1] Being deferred tax effect on fair value adjustments of property, plant and equipment and fishing and plant permits on business combinations.

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36. Share Capital

	THE GROUP AND THE COMPANY	
	Number of shares at S$0.05 per share	Amounts S$'000
Authorised:		
At 28 September 2013 and 2014	8,000,000,000	400,000
Issued and fully paid:		
At 28 September 2013 and 2014	4,790,992,338	239,549

	THE GROUP AND THE COMPANY	
	2014	2013
	HK$'000	HK$'000
Issued and fully paid:		
Balance at beginning and end of year	**1,325,005**	1,325,005

37. Reserves

Capital Reserve

The capital reserve represents the Group's share of the fair value adjustment to the net assets of subsidiaries on acquisition of additional equity interest from the minority shareholder.

Investment Revaluation Reserve

The investment revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in profit and loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit and loss.

Properties Revaluation Reserve

The properties revaluation reserve arises on the revaluation of leasehold buildings. Where a revalued leasehold building is sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings. The revaluation resere is not available for distribution to the Company's shareholders.

Currency Exchange Translation Reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Hong Kong dollars are brought to account by entries made directly to the currency exchange translation reserve.

38. Acquisition of Subsidiary

In 2013, the Group acquired the following subsidiaries and accounted for these acquisitions using the purchase method of accounting.

28 September 2013

Subsidiary	Place of incorporation	Date of acquisition
Copeinca AS	Norway	30 August 2013

The Group acquired the above subsidiary primarily to increase its market share in the Peruvian fishmeal operations.

In 2013, the initial accounting for the acquisition of Copeinca ("Acquisition") has only been provisionally determined as the Acquisition occurred close to the end of the reporting period. At the date of the finalisation of the financial statements, the necessary market valuations and other calculations for the net assets acquired and liabilities assumed had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

During the year, management finalised the provisional fair value for the Acquisition and has accounted for (i) the decrease in provisional fair value of the net assets acquired and liabilities assumed by HK$51,004,000; and (ii) the decrease in the bargain purchase by HK$51,004,000, retrospectively in accordance with FRS 103.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

38. Acquisition of Subsidiary – continued

(a) Consideration Transferred (at Acquisition Date Fair Values)

	Total HK$'000
Cash consideration	6,143,981

(b) Assets Acquired and Liabilities Assumed at the Date of Acquisition

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000 (restated)	Fair value HK$'000 (restated)
Non-current assets			
Property, plant and equipment (Note 14)	1,931,654	(245,231)	1,686,423
Fishing and plant permit (Note 21)	1,670,113	6,027,801	7,697,914
Goodwill	1,084,941	(1,084,941)	–
Current assets			
Inventories	380,936	192,278	573,214
Trade receivables	270,309	–	270,309
Other receivables and prepayments	158,213	–	158,213
Prepaid income tax	56,296	–	56,296
Deferred expenses	25,319	–	25,319
Current liabilities			
Trade and other payables	(86,018)	–	(86,018)
Income tax payable	(35,584)	–	(35,584)
Current portion of bank loans	(10,046)	–	(10,046)
Non-current liabilities			
Long term payables	(51,355)	(38,446)	(89,801)
Senior notes	(1,949,212)	–	(1,949,212)
Deferred tax liabilities (Note 35)	(575,858)	(1,466,978)	(2,042,836)
Non-controlling interests	(33,946)	(26,474)	(60,420)
Net assets acquired and liabilities assumed	2,835,762	3,358,009	6,193,771

(c) Gain on Bargain Purchase Arising on Acquisition

	Total HK$'000
Net cash consideration	5,619,658
Add: Fair value gain on available-for-sale investment (Note 7)	125,533
Less: Fair value of identifiable net assets acquired (restated)	(6,193,771)
Gain on bargain purchase of acquisition of subsidiary (Note 7) (restated)	(448,580)

Gain on bargain purchase represents the excess of the fair value of the net assets acquired over the purchase consideration.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

38. Acquisition of Subsidiary – continued

(d) Net Cash Outflow on Acquisition of Subsidiary

	2013 HK$'000
Total consideration paid in cash	6,143,981
Less: Fair value gain on available-for-sale investment (Note 7)	(125,533)
Less: cash and bank balances acquired	(398,790)
Net cash outflow on acquisition of subsidiary	5,619,658

(e) Impact of Acquisition on the Results of the Group

In 2013, the acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of HK$245,973,000 and profit of HK$55,840,200 in the Group's financial statements.

Had the business combination during the year been effected at 29 September 2012, the revenue of the Group would have been HK$5,688,556,000, and the profit for the year would have been HK$426,348,000.

The management considers the above "pro-forma" numbers to represent an approximate measure of the performance of the combined group on annualised basis and to prove a reference point for comparison in future periods.

(f) Previously Held Interest

In 2013, the previously held equity interest of 17.19% in Copeinca was previously recorded as available-for-sale investment. It was re-measured at fair value at the date of acquisition. The difference between the fair value of HK$1,042,415,000 (USD133,643,000) and the carrying amount of 17.19% equity interest immediately prior to the date of acquisition of HK$916,882,000 amounting to HK$125,533,000 was recognised in other operating income (Note 7).

(g) Non-Controlling Interests

The interests of a non-controlling shareholder recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

(h) Additional Acquisition of Subsidiary

In 2014, the Group acquired an additional 0.9% interest in Copeinca, at a cash consideration of HK$55,606,000. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is recognised directly in equity and attributable to owners of the company.

39. Acquisition Of Assets

During the financial year ended 28 September 2013, the Group acquired the entire issued share capital of J. Wiludi & Asociados Consultores En Pesca S.A.C (Note 45) which own a fishing vessl for a consideration of HK$19,500,000. The transaction was determined by management to be an acquisition of assets rather than a business combination as defined in FRS 103 *Business Combinations*.

40. Operating Lease Arrangements

The Group as Lessor

The Group rents out its investment properties in PRC and Singapore and a portion of its freehold building and equipment in Peru under operating leases. Rental income earned during the year ended 28 September 2014 was HK$3,051,000 (2013: HK$2,129,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2014 **HK$'000**	2013 HK$'000
Within one year	**501**	1,512
In second to fifth year inclusive	**28**	1,149
	529	2,661

Leases for premises are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

41. Contingent Liabilities

(a) At the end of the reporting period, the Group and the Company had contingent liabilities as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unsecured guarantees given to bankers in respect of banking facilities utilised by subsidiaries:				
– Unsecured	**–**	–	**3,979,482**	4,197,689

The Company also issued unlimited guarantee to bankers in respect of general banking facilities granted to subsidiaries. The secured facilities provided to the Group's subsidiary is secured by land and buildings held by the Group.

(b) Certain subsidiaries of the Group are parties to legal processes in Peru amounting to approximately HK$235,277,000 (2013: HK$248,539,000). These relate to fishing compliance, former employees and miscellaneous claims. The Group's legal advisor has advised the Group that HK$110,321,000 (2013: HK$98,108,000) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of HK$124,956,000 (2013: HK$150,431,000) cannot be reasonably ascertained. Additionally, there are claims which the legal advisor has opined to have remote chances of resulting in unfavourable outcomes for the Group.

The Group had made a provision of HK$110,321,000 (2013: HK$98,108,000) [Note 33(a)] for these claims where the outcome is likely to be unfavourable to the Group.

Saved as disclosed above, no member of the Group is engaged in any litigation or claims of material importance known to Directors to be pending or threatened against any member of the Group.

42. Commitments

	2014	2013
	HK$'000	HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**12,246**	65,890

43. Pledge of Assets

Deposits amounting to nil (2013: HK$111,000) are pledged to a bank to secure an export invoice discounting facility granted to the Group.

Inventories totalling HK$385,967,000 (2013: HK$63,882,000) of a Peruvian subsidiary are pledged as security for certain short term bank borrowings for that Peruvian subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

44. Holding Company and Related Company Transactions

During the year, the Group carried out significant transactions with the subsidiaries of PAIH as follows:

	2014	2013
	HK$'000	HK$'000
Interest expenses paid to PAIH and its subsidiaries [note (i)]	**83**	111
Administrative expenses paid to PAIH and its subsidiaries [note (ii)]	**37,952**	34,787

Notes:

(i) The interest expenses were calculated monthly at interest rates ranging from 2.15% to 2.17% (2013: 2.18% to 2.21%) per annum on the outstanding amounts due to PAIH and its subsidiaries.

(ii) The administrative expenses paid to PAIH and its subsidiaries, were calculated in accordance with the management agreement signed on 3 September 1996 and updated by a supplemental agreement dated 22 July 2003.

45. Particulars of Subsidiaries

Details of the subsidiaries are as follows:

Name	**Country of incorporation or registration/ operation**	**Proportion of ownership interest**		**Proportion of voting power held**		**Principal activities**
		2014	2013	**2014**	2013	
		%	%	**%**	%	
Admired Agents Limited [5] [6]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for procurement of provisions and supplies for the Group
Alliance Capital Enterprises Limited [2]	Hong Kong/PRC	**100**	100	**100**	100	Property holding
Andes Agency Limited [5]	Hong Kong/Worldwide	**100**	100	**100**	100	Inactive
Andeshali Namibia Investment Holdings [8]	Namibia	**57.92**	57.92	**100**	100	Investment holding
Atlantic Pacific Fishing Company (Pty) Limited [9]	Namibia	**28.38**	28.38	**49**	49	Operation of vessel and sale of fish
Brandberg (Mauritius) Investments Holdings Limited [8]	Mauritius	**57.92**	57.92	**100**	100	Investment holding
Brandberg Namibia Investments Company (Proprietory) Limited [5]	Namibia	**57.92**	57.92	**100**	100	Fishing operation

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For the financial year ended 28 September 2014

45. Particulars of Subsidiaries – continued

Name	Country of incorporation or registration/ operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2014	2013	**2014**	2013	
		%	%	**%**	%	
CFG Investment S.A.C. [3]	Peru	**57.92**	57.92	**100**	100	Investment holding, operation of fishing vessel, operation of fishmeal plants and sale of fish and marine catches, fishmeal and fish oil
China Fishery Group Limited [5]	Hong Kong	**57.92**	57.92	**100**	100	Investment holding
CFG Investments (Shanghai) Ltd [8]	PRC	**57.92**	57.92	**100**	100	Inactive
CFG Peru Investments Pte Limited [1]	Singapore	**57.92**	57.92	**100**	100	Investment holding
CFGL (Singapore) Private Limited [1]	Singapore	**57.92**	57.92	**100**	100	Property holding
Champion Maritime Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Inactive
Champion Shipping Limited [5]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Vessel holding
Chanery Investment Inc. [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Property holding
Chiksano Management Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
China Cold Chain Group Limited [8]	British Virgin Islands	**100**	100	**100**	100	Inactive
China Fisheries International Limited [5]	Samoa/Worldwide	**57.92**	57.92	**100**	100	Management and operation of fishing vessels and sale of fish and other marine catches

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For the financial year ended 28 September 2014

45. Particulars of Subsidiaries – continued

Name	Country of incorporation or registration/ operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2014	2013	**2014**	2013	
		%	%	**%**	%	
China Fishery Group Limited [1] [4]	Cayman Islands	**57.92**	57.92	**70.51**	70.51	Investment holding
CJSC Invest Group [5]	Russia	**57.92**	57.92	**100**	100	Investment holding
Concept China Investment Limited [2]	Hong Kong/PRC	**100**	100	**100**	100	Property holding
Conred Limited [2]	Hong Kong/PRC	**100**	100	**100**	100	Inactive
Consorcio Vollmacht S.A.C. [3]	Peru	**57.92**	57.92	**100**	100	Vessel holding
Copeinca AS [7] [8]	Norway	**57.92**	57.40	**100**	99.1	Investment holding
Copeinca Internacional S.L.U [8]	Spain	**57.92**	57.40	**100**	99.1	Investment holding
Corporacion Pesquera Inca S.A.C [3]	Peru	**57.92**	57.40	**100**	99.1	Investment holding operation of fishing vessel, operation of fishmeal plants and sale of fish and marine catches, fishmeal and fish oil
Corporacion Pesquera Frami S.A.C. [3]	Peru	**57.92**	57.92	**100**	100	Vessel holding
Davis Limited [2]	Hong Kong/PRC	**100**	100	**100**	100	Property holding
Emerald Nirwana Sdn Bhd [8]	Malaysia	**100**	100	**100**	100	Inactive
Excel Concept Limited [5] [6]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group
Fantastic Buildings Limited [2]	British Virgin Islands/ Hong Kong	**100**	100	**100**	100	Property holding
Fortress Agents Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

45. Particulars of Subsidiaries – continued

Name	Country of incorporation or registration/ operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2014	2013	**2014**	2013	
		%	%	**%**	%	
Gain Star Management Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Golden Target Pacific Limited [5]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Investment holding
Grandwell Investment Group Ltd [8]	Hong Kong	**57.92**	57.92	**100**	100	Investment holding
Grand Success Investment (Singapore) Pte Ltd [1]	Singapore	**57.92**	57.92	**100**	100	Investment holding
Growing Management Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Hill Cosmos International Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Inactive
Inmobiliaria Y Constructora Pahk S.A.C. [3]	Peru	**57.92**	57.92	**100**	100	Investment holding
Inversiones Pesqueras West S.A.C. [3]	Peru	**57.92**	57.92	**100**	100	Investment holding
J. Wiludi & Asociados Consultores En Pesca S.A.C. [3] [7]	Peru	**57.92**	57.92	**100**	100	Vessel holding
Lions City Investment Inc. [8]	British Virgin Islands	**100**	100	**100**	100	Investment holding
LLC Investment Company Kredo [5]	Russia	**57.92**	57.92	**100**	100	Operation of fishing vessel and sale of fish

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

45. Particulars of Subsidiaries – continued

Name	Country of incorporation or registration/ operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2014	2013	**2014**	2013	
		%	%	**%**	%	
Loyal Mark Holdings Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Macro Capitales S.A. [3]	Panama	**57.92**	57.92	**100**	100	Investment holding
Metro Island International Limited [6]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Mission Excel International Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies
Natprop Investments Limited [5]	Cook Islands/Worldwide	**100**	100	**100**	100	Ship repairing agency
Nidaro International Limited [8]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Inactive
Nippon Fishery Holdings Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Inactive (since being acquired)
New Millennium Group Holdings Limited [2]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Inactive
Ocean Expert International Ltd [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

45. Particulars of Subsidiaries – continued

Name	Country of incorporation or registration/ operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2014	2013	**2014**	2013	
		%	%	**%**	%	
Pacific Andes Enterprises (BVI) Limited [2]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Trading of frozen seafood products
Pacific Andes Food (Hong Kong) Company Limited [2]	Hong Kong	**100**	100	**100**	100	Provision of services
Pacific Andes Vegetables, Inc. [8]	British Virgin Islands/PRC	**100**	100	**100**	100	Investment holding
Paco Alpha Limited [5]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Vessel holding
Paco Beta Limited [5]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Trading of marine fuel
Paco Gamma Limited [8]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Inactive
Paco Sigma Limited [8]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Trading agent
Pacos Trading Limited [8]	Cayman Islands/ Worldwide	**100**	100	**100**	100	Inactive
Parkmond Group Limited [2]	British Virgin Islands/ Worldwide	**100**	100	**100**	100	Trading of frozen seafood products
PARD Trade Limited [8]	British Virgin Islands	**100**	100	**100**	100	Inactive
PFB Fisheries B.V [8]	Netherlands	**57.92**	57.40	**100**	99.1	Investment holding
Premium Choice Group Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Management of fishing vessels
Pioneer Logistics Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Inactive
Powertech Engineering (Qingdao) Co. Ltd [8]	PRC	**57.92**	57.92	**100**	100	Agent for vessel repair services for the Group

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

45. Particulars of Subsidiaries – continued

Name	Country of incorporation or registration/ operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2014	2013	**2014**	2013	
		%	%	**%**	%	
Protein Trading Limited [5]	Samoa	**57.92**	57.92	**100**	100	Procurement and marketing agent for fishmeal
Qingdao Pacific Andes Farm Co. Limited [8]	PRC	**100**	100	**100**	100	Inactive
Qingdao New Millennium Food Co., Limited [8]	PRC	**100**	100	**100**	100	Inactive
Quality Food (Singapore) Pte. Limited [1]	Singapore	**100**	100	**100**	100	Investment holding
Richtown Development Limited [8]	British Virgin Islands/ Hong Kong	**100**	100	**100**	100	Investment holding
Ringston Holdings Ltd [5]	Cyprus	**57.92**	57.92	**100**	100	Investment holding
Sea Capital International Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Inactive
Shine Bright Management Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Smart Group Limited [5]	Cayman Islands	**57.92**	57.92	**100**	100	Investment holding
South Pacific Shipping Agency Ltd [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Agent for procurement of provisions and supplies for the Group
Super Investment Limited [2]	Cayman Islands	**81.93**	81.93	**96.9**	96.9	Investment holding
Superb Choice International Limited [5]	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Inactive

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 28 September 2014

45. Particulars of Subsidiaries – continued

Name	Country of incorporation or registration/ operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2014	2013	**2014**	2013	
		%	%	**%**	%	
Sustainable Pelagic Fishery S.A.C. (3)	Peru	**57.92**	57.92	**100**	100	Operation of fishing vessels
Sustainable Fishing Resources S.A.C. (3)	Peru	**57.92**	57.92	**100**	100	Operation of fishing vessels
Target Shipping Limited (5)	Hong Kong/Worldwide	**57.92**	57.92	**100**	100	Investment holding
Toyama Holdings Limited (5)	British Virgin Islands/ Worldwide	**57.92**	57.92	**100**	100	Procurement of provisions and supplies for the Group
Turbo (Asia) Limited (2)	Hong Kong	**100**	100	**100**	100	Investment holding
Well Hope International Limited (8)	British Virgin Islands	**100**	100	**100**	100	Inactive
Zhonggang Fisheries Limited (8)	British Virgin Islands	**70**	70	**70**	70	Investment holding

Notes:

(1) Audited by Deloitte & Touche LLP Singapore.

(2) Audited by Deloitte Touche Tohmatsu, Hong Kong.

(3) Audited by Giris, Hernánder y Associados S.C., a member firm of Deloitte Touche Tohmatsu.

(4) Listed on the Singapore Exchange Securities Trading Limited in January 2006.

(5) Audited by Deloitte & Touche Tohmatsu, Hong Kong for sole purpose of inclusion of their financial position and operating results in the consolidated financial statements of the Group.

(6) The share of the non-controlling interests in the net assets and profit or loss of these subsidiaries is not material.

(7) During the year, the subsidiary was transferred from Grand Success Investment (Singapore) Pte Ltd.

(8) Not audited as deemed not material to the Group.

(9) Audited by Deloitte Touche Tohmatsu, Hong Kong in 2014. Not audited as deemed not material to the Group in 2013.

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For the financial year ended 28 September 2014

46. Restatement

During the year, retrospective adjustments have been made to adjust the provisional fair value of the net assets acquired and liabilities assumed in relation to the acquisition of Copeinca in accordance with FRS 103 (Note 38).

As a result, the following line items for the comparative 2013 consolidated statement of financial position, statement of comprehensive income and statement of cash flows and the related notes to financial statements have been restated. 2012 consolidated statement of financial position is not presented since the retrospective adjustments have no impact on 2012 balances.

	As previously reported	Adjustments	As restated
	HK$'000	HK$'000	HK$'000
28 September 2013			
Statement of financial position			
Property, plant and equipment	5,300,991	(17,940)	5,283,051
Deferred tax liabilities	2,474,198	(5,382)	2,468,816
Long term payables	237,011	38,446	275,457
Reserves	9,078,936	(29,541)	9,049,395
Non-controlling interests	3,708,932	(21,463)	3,687,469
Consolidated income statement			
Other operating income	1,193,904	(51,004)	1,142,900
Profit for the year	1,045,367	(51,004)	994,363
Total comprehensive income for the year	1,088,699	(51,004)	1,037,695
Statements of changes in equity			
Retained earnings	4,402,987	(29,541)	4,373,446
Non-controlling interests	3,708,932	(21,463)	3,687,469
Attributable to owners of the Company	10,403,941	(29,541)	10,374,400
Consolidated statement of cash flows			
Profit before income tax	974,800	(51,004)	923,796
Gain on bargain purchase on acquisition of subsidiary	(499,584)	51,004	(448,580)

47. Subsequent Events

On 25 November 2014, the Company announced a proposal to raise approximately S$192.3 million (approximately HK$1,153.8 million) (after deduction of expenses) by way of a rights issue on the basis of four rights shares for every five existing ordinary shares held by the shareholders of the Company, in which 3,832,793,870 rights shares will be issued at the subscription price of S$0.051 (approximately HK$0.31) per rights share.