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**PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED**

**太平洋恩利國際控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1174)**

**OVERSEAS REGULATORY ANNOUNCEMENT**

**ANNOUNCEMENT IN RELATION TO THE UNAUDITED RESULTS  
FOR THE SECOND QUARTER AND  
FIRST HALF YEAR ENDED 28 MARCH 2010  
OF PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED**

The Board of Directors of Pacific Andes International Holdings Limited (the “Company”) announces the unaudited consolidated results of Pacific Andes Resources Development Limited (“PARD”), the Company’s 65% owned subsidiary, the shares which are listed on the Singapore Exchange Securities Trading Limited, and its subsidiaries (the “PARD Group”) for the second quarter and first half year ended 28 March 2010.

This announcement is a reproduction of the announcement made by PARD pursuant to the Listing Manual of Singapore Exchange Securities Trading Limited on 12 May 2010. Hereinbelow is the unaudited results of PARD and PARD Group for the second quarter and first half year ended 28 March 2010 issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Directors**

*As at the date of this announcement, the executive directors of the Company are Madam Teh Hong Eng, Mr. Ng Joo Siang, Mr. Ng Joo Kwee, Mr. Ng Joo Puay, Frank and Ms. Ng Puay Yee whilst the independent non-executive directors of the Company are Mr. Lew V. Robert, Mr. Kwok Lam Kwong, Larry and Mr. Tao Kwok Lau, Clement.*

12 May 2010

**Below is the content of the announcement of PARD released in Singapore on 12 May 2010.**

*Note:* The expressions “Company” and “Group” mean Pacific Andes Resources Development Limited and Pacific Andes Resources Development Limited and its subsidiaries respectively.

**PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED**

**SECOND QUARTER AND FIRST HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 28 MARCH 2010**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**The reporting currency of the Group is in Hong Kong dollars (HK\$).**

**Income Statement for the second quarter and first half year ended 28 March 2010**

	Group					
	Second quarter ended 29.12.2009 to 28.03.2010 HK\$'000	01.01.2009 to 31.03.2009 HK\$'000	Increase/ (decrease) %	First half year ended 29.09.2009 to 28.03.2010 HK\$'000	01.10.2008 to 31.03.2009 HK\$'000	Increase/ (decrease) %
Revenue	2,426,913	2,320,463	4.6	3,990,907	3,882,557	2.8
Cost of sales	<u>(1,781,511)</u>	<u>(1,765,449)</u>	0.9	<u>(3,034,143)</u>	<u>(3,038,181)</u>	(0.1)
Gross profit	645,402	555,014	16.3	956,764	844,376	13.3
Other operating income	75,019	95,585	(21.5)	83,391	108,437	(23.1)
Selling and distribution expenses	(87,152)	(80,878)	7.8	(147,382)	(104,558)	41.0
Administrative expenses	(49,459)	(31,047)	59.3	(90,367)	(81,196)	11.3
Other operating expenses	(9,776)	–	NM	(9,776)	–	NM
Finance costs	<u>(85,534)</u>	<u>(91,978)</u>	(7.0)	<u>(168,415)</u>	<u>(207,041)</u>	(18.7)
	488,500	446,696	9.4	624,215	560,018	11.5
Share of results of associates	<u>(534)</u>	<u>(36)</u>	(1,383.3)	<u>100</u>	<u>(106)</u>	194.3
Profit before income tax	487,966	446,660	9.2	624,315	559,912	11.5
Income tax (expense) benefit	<u>(14,145)</u>	<u>37,277</u>	(137.9)	<u>(13)</u>	<u>56,572</u>	(100.0)
Profit for the period	<u>473,821</u>	<u>483,937</u>	(2.1)	<u>624,302</u>	<u>616,484</u>	1.3
Attributable to:						
Owners of the Company	345,114	361,566	(4.6)	445,500	448,685	(0.7)
Minority interests	<u>128,707</u>	<u>122,371</u>	5.2	<u>178,802</u>	<u>167,799</u>	6.6
	<u>473,821</u>	<u>483,937</u>	(2.1)	<u>624,302</u>	<u>616,484</u>	1.3

## Consolidated Statement of Comprehensive Income

	Group					
	Second quarter ended		Increase/ (decrease) %	First half year ended		Increase/ (decrease) %
	29.12.2009 to 28.03.2010 HK\$'000	01.01.2009 to 31.03.2009 HK\$'000		29.09.2009 to 28.03.2010 HK\$'000	01.10.2008 to 31.03.2009 HK\$'000	
Profit for the period	473,821	483,937	(2.1)	624,302	616,484	1.3
Other comprehensive income:						
Gain/(loss) on revaluation of property, plant and equipment	9,126	(6,304)	244.8	9,126	(6,304)	244.8
Exchange difference on translation of the Group's overseas operation	15	(12)	225.0	30	(5)	700.0
Total comprehensive income for the period	<u>482,962</u>	<u>477,621</u>	1.1	<u>633,458</u>	<u>610,175</u>	3.8
Attributable to:						
Owners of the Company	352,078	357,372	(1.5)	452,479	444,498	1.8
Minority interests	<u>130,884</u>	<u>120,249</u>	8.8	<u>180,979</u>	<u>165,677</u>	9.2
	<u>482,962</u>	<u>477,621</u>	1.1	<u>633,458</u>	<u>610,175</u>	3.8

	Group					
	Second quarter ended		Increase/ (decrease) %	First half year ended		Increase/ (decrease) %
	29.12.2009 to 28.03.2010 HK\$'000	01.01.2009 to 31.03.2009 HK\$'000		29.09.2009 to 28.03.2010 HK\$'000	01.10.2008 to 31.03.2009 HK\$'000	
Other operating income including interest income	75,019	95,585	(21.5)	83,391	108,437	(23.1)
Interest on borrowings	(83,039)	(89,483)	(7.2)	(163,425)	(202,051)	(19.1)
Amortisation of senior notes issuing expenses including in finance costs	(2,495)	(2,495)	–	(4,990)	(4,990)	–
Amortisation of deferred charter hire	(43,160)	(43,160)	–	(86,320)	(86,320)	–
Depreciation expense	(40,149)	(25,150)	59.6	(94,438)	(45,763)	106.4
Gain (loss) on disposal of property, plant and equipment	446	589	(24.3)	(193)	735	(126.3)
Foreign exchange gain (loss)	<u>6,576</u>	<u>15,567</u>	(57.8)	<u>11,727</u>	<u>(2,030)</u>	677.7

*Note:* A substantial portion of the Group's profit neither arises in, nor is derived from any tax jurisdictions and consequently is not subject to tax.

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>28.03.2010</b>	<b>28.09.2009</b>	<b>28.03.2010</b>	<b>28.09.2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	3,369,832	2,871,988	–	–
Investment properties	41,209	37,540	–	–
Goodwill	2,708,107	2,705,828	–	–
Deferred charter hire	1,318,640	1,404,960	–	–
Available-for-sale investments	7,800	7,800	–	–
Held-to-maturity financial assets	–	–	47,385	47,385
Interests in subsidiaries	–	–	4,484,313	4,493,506
Interests in associates	12,722	12,622	–	–
Other intangible assets	581,399	581,399	–	–
	<u>8,039,709</u>	<u>7,622,137</u>	<u>4,531,698</u>	<u>4,540,891</u>
<b>CURRENT ASSETS</b>				
Inventories	260,211	372,624	–	–
Trade and bills receivables	1,686,426	1,406,890	–	–
Other receivables and prepayments	3,148,684	3,021,033	1,334	1,380
Current portion of deferred charter hire	172,640	172,640	–	–
Derivative financial instruments	13,630	–	–	–
Prepaid income tax	24,417	46,379	–	–
Pledged deposits	44,742	44,532	–	–
Bank balances and cash	196,563	173,359	1,681	874
	<u>5,547,313</u>	<u>5,237,457</u>	<u>3,015</u>	<u>2,254</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	450,266	278,558	10,238	20,284
Income tax payable	18,071	16,351	–	–
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	827	3,111	–	–
Deferred consideration payable	–	39,839	–	–
Derivative financial instruments	–	5,640	–	–
Bank advances drawn on bills and discounted trade receivables with insurance coverage	118,130	31,110	–	–
Current portion of finance leases	44,212	37,491	–	–
Current portion of interest-bearing bank borrowings	2,481,265	2,461,918	–	–
	<u>3,112,771</u>	<u>2,874,018</u>	<u>10,238</u>	<u>20,284</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>	<u>2,434,542</u>	<u>2,363,439</u>	<u>(7,223)</u>	<u>(18,030)</u>

	<b>Group</b>		<b>Company</b>	
	<b>28.03.2010</b>	<b>28.09.2009</b>	<b>28.03.2010</b>	<b>28.09.2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>				
Finance leases	93,405	81,302	–	–
Interest-bearing bank borrowings	293,796	411,403	–	–
Convertible bonds	606,237	591,666	606,237	591,666
Senior notes	1,666,198	1,661,208	–	–
Deferred tax liabilities	199,658	226,284	–	–
	<u>2,859,294</u>	<u>2,971,863</u>	<u>606,237</u>	<u>591,666</u>
<b>NET ASSETS</b>	<u><b>7,614,957</b></u>	<u><b>7,013,713</b></u>	<u><b>3,918,238</b></u>	<u><b>3,931,195</b></u>
<b>CAPITAL AND RESERVES</b>				
Share capital	721,043	705,133	721,043	705,133
Reserves	<u>5,561,911</u>	<u>5,142,569</u>	<u>3,197,195</u>	<u>3,226,062</u>
Attributable to owners of the Company	6,282,954	5,847,702	3,918,238	3,931,195
Minority interests	<u>1,332,003</u>	<u>1,166,011</u>	–	–
<b>TOTAL EQUITY</b>	<u><b>7,614,957</b></u>	<u><b>7,013,713</b></u>	<u><b>3,918,238</b></u>	<u><b>3,931,195</b></u>

*Note:* Deferred charter hire represent the prepayment made by China Fisheries International Limited, a wholly-owned subsidiary of China Fishery Group Limited, for long term chartering of fishing vessels.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 28.03.2010</b>		<b>As at 28.09.2009</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
271,951	2,371,656	118,083	2,412,436

**Amount repayable after one year**

<b>As at 28.03.2010</b>		<b>As at 28.09.2009</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
230,737	2,428,899	277,541	2,468,038

**Details of any collateral**

The Group had pledged certain land and buildings with aggregate net carrying values of approximately HK\$25.8 million (28.09.2009: HK\$23.5 million) to secure the mortgage loan of the Group granted by a bank.

Certain of the Group's office premises, fishmeal processing plants, fishing vessels and vehicles in Peru are held under finance leases with net carrying value of approximately HK\$231.7 million (28.09.2009: HK\$356.7 million).

The inventory loans of a Peruvian subsidiary of China Fishery Group Limited are pledged by its fishmeal inventories in Peru with net carrying value of approximately HK\$46.0 million (28.09.2009: HK\$28.2 million).

A fishing vessel with net carrying value of approximately HK\$977.3 million (28.09.2009: HK\$677.0 million), shares of a subsidiary (28.09.2009: shares of a subsidiary) and a deposit of approximately HK\$44.5 million (28.09.2009: HK\$44.3 million) were pledged as securities for a term loan as at 28 March 2010.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Second quarter ended</b>		<b>First half year ended</b>	
	<b>29.12.2009 to 28.03.2010</b>	<b>01.01.2009 to 31.03.2009</b>	<b>29.09.2009 to 28.03.2010</b>	<b>01.10.2008 to 31.03.2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Operating activities</b>				
Profit before income tax	487,966	446,660	624,315	559,912
Adjustments for:				
Share of results of associates	534	36	(100)	106
Interest expense	83,039	89,483	163,425	202,051
Interest income	(985)	(80)	(1,334)	(80)
Amortisation of deferred charter hire	43,160	43,160	86,320	86,320
Amortisation of senior notes issuing expenses	2,495	2,495	4,990	4,990
Depreciation expense	40,149	25,150	94,438	45,763
Discount on acquisition of additional interest in a subsidiary	–	–	–	(105)
(Gain) loss on disposal of property, plant and equipment	(446)	(589)	193	(735)
Loss on revaluation of land and buildings	–	1,180	–	1,180
Gain on repurchase of convertible bonds	–	(20,168)	–	(20,168)
Fair value changes of derivative financial instruments	(11,752)	–	(19,270)	–
Fair value changes of investment properties	(3,639)	(1,406)	(3,639)	(1,406)
Operating cash flows before movements in working capital	640,521	585,921	949,338	877,828
Inventories	169,956	(78,012)	112,413	111,266
Trade and bills receivables, other receivables and prepayments	(282,750)	(572,214)	(410,642)	(759,522)
Trade and other payables	282,428	172,403	230,659	(11,566)
Cash generated from operations	810,155	108,098	881,768	218,006
Interest paid	(91,419)	(122,087)	(207,805)	(240,229)
Income tax (paid) refund	(9,346)	11,471	498	(29,209)
<b>Net cash from (used in) operating activities</b>	<b>709,390</b>	<b>(2,518)</b>	<b>674,461</b>	<b>(51,432)</b>
<b>Investing activities</b>				
Interest received	985	80	1,334	80
Insurance compensation for sunken vessel in Peru	–	14,984	–	14,984
Proceeds on disposal of property, plant and equipment	164	2,622	164	2,622
Purchase of property, plant and equipment	(309,209)	(215,750)	(583,513)	(372,273)
Payment of deferred consideration payable	(20,125)	(54,487)	(39,839)	(54,487)
Net cash outflow arising on acquisition of additional interest in subsidiaries	–	–	(4,625)	(1,016)
Net cash inflow arising on acquisition of subsidiaries	–	15,420	–	13,390
<b>Net cash used in investing activities</b>	<b>(328,185)</b>	<b>(237,131)</b>	<b>(626,479)</b>	<b>(396,700)</b>

	<b>Second quarter ended</b>		<b>First half year ended</b>	
	<b>29.12.2009 to</b>	<b>01.01.2009 to</b>	<b>29.09.2009 to</b>	<b>01.10.2008 to</b>
	<b>28.03.2010</b>	<b>31.03.2009</b>	<b>28.03.2010</b>	<b>31.03.2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Financing activities</b>				
Dividend paid	(13,526)	–	(13,526)	–
Dividend paid to minority shareholders	(16,396)	–	(16,396)	–
Repurchase of convertible bonds	–	(21,118)	–	(21,118)
Proceeds from issue of shares on exercise of warrants	420	–	444	–
Transaction cost of issuing new shares	(365)	–	(390)	(329)
Net cash (repaid to) advanced from Pacific Andes International Holdings Limited and its subsidiaries	(695)	(257)	(2,284)	3,175
Bank advances drawn on bills and discounted trade receivables with insurance coverage (repaid) raised	(15,045)	(35,795)	87,020	3,396
Obligation under finance leases	(9,954)	(122,414)	18,824	(138,427)
Net bank borrowings (repaid) raised	(316,859)	463,791	(99,782)	469,473
Decrease (increase) in pledged deposits	97	(44,055)	(210)	(44,055)
<b>Net cash (used in) from financing activities</b>	<u>(372,323)</u>	<u>240,152</u>	<u>(26,300)</u>	<u>272,115</u>
Exchange difference arising on consolidation	–	(1)	–	–
<b>Net increase (decrease) in cash and cash equivalents</b>	8,882	503	21,682	(176,017)
<b>Cash and cash equivalents at beginning of the period</b>	<u>181,287</u>	<u>170,592</u>	<u>168,487</u>	<u>347,111</u>
<b>Cash and cash equivalents at end of the period (Note)</b>	<u><u>190,169</u></u>	<u><u>171,094</u></u>	<u><u>190,169</u></u>	<u><u>171,094</u></u>
<i>Note:</i>				
Bank balances and cash	196,563	182,298	196,563	182,298
Bank overdrafts	(6,394)	(11,204)	(6,394)	(11,204)
	<u>190,169</u>	<u>171,094</u>	<u>190,169</u>	<u>171,094</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to owners of the Company						Currency exchange reserve	Retained earnings	Minority interests	Total
	Share capital	Share premium	Capital reserve	Other reserve	Warrants reserve	Revaluation reserve				
<b>Group</b>										
<b>Balance at 1 October 2008</b>	1,331,797	1,218,939	(52,655)	42,226	-	14,104	(2,323)	1,472,314	923,440	4,947,842
Share issue expenses	-	(329)	-	-	-	-	-	-	-	(329)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(1,121)	(1,121)
Total comprehensive income for the period	-	-	-	-	-	-	7	87,119	45,428	132,554
<b>Balance at 31 December 2008</b>	1,331,797	1,218,610	(52,655)	42,226	-	14,104	(2,316)	1,559,433	967,747	5,078,946
Decrease in equity portion of convertible bonds on repurchase	-	-	-	(2,516)	-	-	-	-	-	(2,516)
Total comprehensive income for the period	-	-	-	-	-	(4,182)	(12)	361,566	120,249	477,621
<b>Balance at 31 March 2009</b>	<u>1,331,797</u>	<u>1,218,610</u>	<u>(52,655)</u>	<u>39,710</u>	<u>-</u>	<u>9,922</u>	<u>(2,328)</u>	<u>1,920,999</u>	<u>1,087,996</u>	<u>5,554,051</u>
<b>Balance at 28 September 2009</b>	705,133	2,772,743	(52,655)	37,445	164,689	17,520	(2,312)	2,205,139	1,166,011	7,013,713
Issue of shares on exercise of warrants	5	30	-	-	(11)	-	-	-	-	24
Share issue expenses	-	(25)	-	-	-	-	-	-	-	(25)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(2,346)	(2,346)
Total comprehensive income for the period	-	-	-	-	-	-	15	100,386	50,095	150,496
<b>Balance at 28 December 2009</b>	705,138	2,772,748	(52,655)	37,445	164,678	17,520	(2,297)	2,305,525	1,213,760	7,161,862
Issue of shares on exercise of warrants	91	525	-	-	(196)	-	-	-	-	420
Share issue expenses	-	(365)	-	-	-	-	-	-	-	(365)
Acquisition of additional interest in a subsidiary	-	-	(3,755)	-	-	-	-	-	3,755	-
Total comprehensive income for the period	-	-	-	-	-	6,949	15	345,114	130,884	482,962
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	(16,396)	(16,396)
Final dividend of S0.60 cents per ordinary shares in respect of six months ended 28.09.2009	15,814	63,253	-	-	-	-	-	(92,593)	-	(13,526)
<b>Balance at 28 March 2010</b>	<u>721,043</u>	<u>2,836,161</u>	<u>(56,410)</u>	<u>37,445</u>	<u>164,482</u>	<u>24,469</u>	<u>(2,282)</u>	<u>2,558,046</u>	<u>1,332,003</u>	<u>7,614,957</u>

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Warrants reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>Company</b>						
<b>Balance at 1 October 2008</b>	1,331,797	1,218,939	42,226	–	103,111	2,696,073
Share issue expenses	–	(329)	–	–	–	(329)
Total comprehensive expense for the period	–	–	–	–	(15,617)	(15,617)
<b>Balance at 31 December 2008</b>	1,331,797	1,218,610	42,226	–	87,494	2,680,127
Decrease in equity portion of convertible bonds on repurchase	–	–	(2,516)	–	–	(2,516)
Total comprehensive income for the period	–	–	–	–	148,447	148,447
<b>Balance at 31 March 2009</b>	<u>1,331,797</u>	<u>1,218,610</u>	<u>39,710</u>	<u>–</u>	<u>235,941</u>	<u>2,826,058</u>
<b>Balance at 28 September 2009</b>	705,133	2,772,743	37,445	164,689	251,185	3,931,195
Issue of shares on exercise of warrants	5	30	–	(11)	–	24
Share issue expenses	–	(25)	–	–	–	(25)
Total comprehensive expense for the period	–	–	–	–	(14,938)	(14,938)
<b>Balance at 28 December 2009</b>	705,138	2,772,748	37,445	164,678	236,247	3,916,256
Issue of shares on exercise of warrants	91	525	–	(196)	–	420
Share issue expenses	–	(365)	–	–	–	(365)
Total comprehensive income for the period	–	–	–	–	15,453	15,453
Final dividend of S0.60 cents per ordinary shares in respect of six months ended 28.09.2009	15,814	63,253	–	–	(92,593)	(13,526)
<b>Balance at 28 March 2010</b>	<u>721,043</u>	<u>2,836,161</u>	<u>37,445</u>	<u>164,482</u>	<u>159,107</u>	<u>3,918,238</u>

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding shares of the issuer, as at the end of the current financial period reported on and as at the end of corresponding period of the immediately preceding financial year.**

During the second quarter ended 28 March 2010, 331,142 ordinary shares of S\$0.05 each were issued as a result of the exercise of warrants (31.03.2009: Nil). As at 28 March 2010, there were 277,756,357 outstanding warrants at an exercise price of S\$0.23 each (31.03.2009: Nil).

During the second quarter ended 28 March 2010, the Company issued 57,108,585 new ordinary shares of S\$0.05 each at an issue price of S\$0.25 per share by way of scrip dividend.

As at 28 March 2010, the outstanding Convertible Bonds amounted to US\$74,400,000 (31.03.2009: US\$78,900,000). Assuming full conversion of the outstanding Convertible Bonds at the adjusted conversion price of S\$0.6785 per share, the number of new ordinary shares to be issued would be 167,386,293 (31.03.2009: 140,817,082).

There was no conversion of Convertible Bonds during the second quarter ended 28 March 2010 (31.03.2009: Nil).

The Company did not make any purchases of its shares during the second quarter ended 28 March 2010 (31.03.2009: Nil).

Save as disclosed above, the Company did not have any convertibles and treasury shares as at 28 March 2010 (31.03.2009: Nil).

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at the end of the current financial period is 2,839,968,253 shares (28.09.2009: 2,782,510,126 shares).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and /or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.**

The figures have not been audited nor reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and method of computation adopted are consistent with those applied in the audited financial statements for the period ended 28 September 2009.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group Second quarter ended		Group First half year ended	
	29.12.2009 – 28.03.2010	01.01.2009 – 31.03.2009	29.09.2009 – 28.03.2010	01.10.2008 – 31.03.2009
Earnings per ordinary share				
(i) Based on weighted average number of ordinary shares in issue	HK12.37 cents	HK21.47 cents	HK15.99 cents	HK26.64 cents
Weighted average number of ordinary shares used in calculation of basic earnings per share	2,790,990,949	1,684,034,482	2,786,731,884	1,684,034,482
(ii) Based on a fully diluted basis	HK11.80 cents	HK20.14 cents	HK15.65 cents	HK25.56 cents
Weighted average number of ordinary shares used in calculation of diluted earnings per share	3,035,525,703	1,863,519,416	3,012,163,385	1,864,417,359

*Note:* The weighted average number of ordinary shares used in calculation of basic and diluted earnings per share for the second quarter and first half year ended 31 March 2009 has been adjusted by incorporating the effects of rights issue in July 2009.

**7. Net asset value (for the issuer and the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	28.03.2010	28.09.2009	28.03.2010	28.09.2009
Net asset backing per ordinary share based on existing issued share capital as at the end of period reported on	<u>HK\$2.21</u>	<u>HK\$2.10</u>	<u>HK\$1.38</u>	<u>HK\$1.41</u>

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Income Statement**

*2QFY2010 (3 months ended 28 March 2010) vs 2QFY2009 (3 months ended 31 March 2009)*

Group revenue increased by 4.6% to HK\$2,426.9 million from HK\$2,320.5 million.

Revenue from the frozen fish supply chain management ("frozen fish SCM") division, which accounted for 44.0% of turnover, rose 5.2% to HK\$1,068.9 million from HK\$1,015.7 million, mainly attributable to an increase in sales volume in line with the growing demand for fish.

Revenue from the fishing division, which accounted for 56.0% of total revenue, increased by 4.1% to HK\$1,358.0 million from HK\$1,304.8 million. The increase was mainly attributable to higher catch volume from the North Pacific trawling operations and higher fishmeal selling price.

By markets, the People's Republic of China ("PRC") remained the Group's largest market with sales of HK\$1,855.6 million, accounting for 76.5% of total revenue. Sales to Europe amounted to HK\$312.7 million, accounting for 12.9% of total revenue. Sales to East Asia amounted to HK\$249.5 million, accounting for 10.3% of total revenue.

Gross profit increased by 16.3% to HK\$645.4 million from HK\$555.0 million. Gross profit margin increased to 26.6% from 23.9%. The improved gross profit margin was largely driven by economies of scale and overall improvements in operating efficiencies.

Other operating income decreased by 21.5% to HK\$75.0 million from HK\$95.6 million mainly due to the absence of one-off income item arising from the repurchase of convertible bonds in 2QFY2009.

Selling expenses increased by 7.8% to HK\$87.2 million from HK\$80.9 million. The increase was attributable mainly to the higher direct expenses such as freight, insurance and port charges incurred on the higher sales volume of the Group.

Finance costs decreased by 7.0% to HK\$85.5 million from HK\$92.0 million as a result of prevailing low market interest rates and the reduction in convertible bonds outstanding.

Administrative expenses increased by 59.3% to HK\$49.5 million from HK\$31.0 million, mainly attributable to increased headcount and other expenses in line with the increase in business activities.

Other operating expenses amounting to HK\$9.8 million was primarily attributable to the impairment loss of two fishmeal plants. With the implementation of the Individual Transferable Quota (ITQ) system in Peru, the Group will close down two fishmeal plants in order to enhance overall plants utilisation.

Net profit decreased by 2.1% to HK\$473.8 million from HK\$483.9 million.

Excluding one-off income from the repurchase of convertible bonds and non-cash provision of impairment of two fishmeal plants in Peru, net profit increased by 4.3% to HK\$483.6 million from HK\$463.8 million.

*1HFY2010 (6 months ended 28 March 2010) vs 1HFY2009 (6 months ended 31 March 2009)*

The Group recorded revenue growth of 2.8% to HK\$3,990.9 million from HK\$3,882.6 million.

Revenue from the frozen fish SCM division, which accounted for 46.1% of turnover, rose 4.3% to HK\$1,841.8 million from HK\$1,765.6 million, primarily due to an increase in sales volume.

Revenue from the fishing division, which accounted for 53.9% of total revenue, increased by 1.5% to HK\$2,149.1 million from HK\$2,117.0 million. Higher revenue driven by increased sales volume from the North Pacific trawling operations was partially offset by lower sales volume of fishmeal due to lower inventory carried forward.

By markets, the PRC remained the Group's largest market with sales of HK\$3,229.3 million, accounting for 80.9% of total revenue. Sales to Europe amounted to HK\$385.5 million, accounting for 9.7% of total revenue. Sales to East Asia amounted to HK\$284.3 million, accounting for 7.1% of total revenue.

Gross profit increased by 13.3% to HK\$956.8 million from HK\$844.4 million. Gross profit margin increased to 24.0% from 21.8%. The improved gross margins reflected economies of scale and the positive impact of the Group's ongoing initiatives to improve operating efficiencies.

Other operating income decreased by 23.1% to HK\$83.4 million from HK\$108.4 million, this was mainly due to the absence of one-off income item arising from the repurchase of convertible bonds in 2QFY2009.

Selling expenses increased by 41.0% to HK\$147.4 million from HK\$104.6 million. The increase was attributable mainly to higher direct expenses such as freight, insurance and port charges incurred on the higher sales volume of the Group.

Finance costs decreased by 18.7% to HK\$168.4 million from HK\$207.0 million as a result of prevailing low market interest rates and the repurchase of the Group's convertible bonds in March 2009.

Administrative expenses increased by 11.3% to HK\$90.4 million from HK\$81.2 million, mainly attributable to increased headcount and other expenses in line with the increase in business activities.

Other operating expenses amounting to HK\$9.8 million was primarily attributable to the impairment loss of two fishmeal plants. With the implementation of the Individual Transferable Quota (ITQ) system in Peru, the Group will close down two fishmeal plants in order to enhance overall plants utilisation.

Net profit increased by 1.3% to HK\$624.3 million from HK\$616.5 million.

Excluding one-off income from the repurchase of convertible bonds and non-cash provision of impairment of two fishmeal plants, net profit increased by 6.3% to HK\$634.1 million from HK\$596.4 million.

## **Statement of Financial Position**

*28 March 2010 vs 28 September 2009*

Current assets increased by 5.9% to HK\$5,547.3 million from HK\$5,237.5 million due mainly to the increase in trade receivables as a result of a delay of product shipment. The delay was due to the closure of ports in the northern PRC in early 2010 when the region was hit by its worst winter weather in decades.

Non-current assets increased by 5.5% to HK\$8,039.7 million from HK\$7,622.1 million due to the balance payment for the refurbishment of the factory vessel and catcher vessels.

Current liabilities increased by 8.3% to HK\$3,112.8 million from HK\$2,874.0 million due mainly to the increase in short-term borrowings to fund the increased working capital of the Group.

Non-current liabilities decreased by 3.8% to HK\$2,859.3 million from HK\$2,971.9 million. The decrease was mainly due to the decrease in non-current loans and borrowings by 28.6% to HK\$293.8 million.

Net assets went up 8.6% to HK\$7,615.0 million from HK\$7,013.7 million and net debt to equity ratio, improved to 66.5% from 72.1% as at 28 September 2009.

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

The second quarter ended 28 March 2010 results are consistent with the prospect statement disclosed to shareholders in the first quarter ended 28 December 2009 results announcement.

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

**Outlook**

We remain positive on the market outlook for the next 12 months. The demand for frozen seafood products in the PRC continues to be strong, driven by rising demand for fish as a healthy source of protein. We will continue our ongoing initiatives to further strengthen our distribution in the PRC as well as in Eastern Europe and Africa, so as to further increase the sales volume of frozen fish.

As the major fishing season for the Jack Mackerel, the main harvest specie in the South Pacific, spans from April to October, we anticipate that the second half of the financial year should show significant revenue contributions from the South Pacific trawling operations. In addition, with a higher expected catch volume in the North Pacific, we expect to see continued improvements in the operating efficiencies in trawling operations in this region.

For the Peruvian fishmeal operations, the management believes that the Group will continue to benefit from the trend of rising fishmeal selling price. Looking ahead, the Group will seize acquisition opportunities to consolidate its position in the global fishing industry. On 6<sup>th</sup> May 2010, the Group acquired a Peruvian fishing company with approximately 0.23% quota in the North of Peru and 0.76% quota in the South of Peru. This has increased the Group's quota from 4.85% to 5.08% in Peru's northern fishing region, and from 7.11% to 7.87% in the south.

The management believes that the Group is well-positioned to benefit from the rising global demand for fish products, particularly in the growing economy of the PRC. Barring unforeseen circumstances, the Group is expected to deliver positive results for the current financial year.

**11. Dividend**

**(a) *Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? None.

**(b) *Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) *Date payable***

Not applicable.

**(d) *Books closure date***

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared for the second quarter ended 28 March 2010.

### 13. Interested person transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	29.09.2009 – 28.03.2010	01.10.2008 – 31.03.2009	29.09.2009 – 28.03.2010	01.10.2008 – 31.03.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pacific Andes International Holdings Limited and its subsidiaries				
Administrative expenses	–	–	15,365	9,138
Interest expenses	33	82	–	–

### 14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the SGX-ST

On behalf of the Board, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Pacific Andes Resources Development Limited, which may render the financial statements in respect of the second quarter ended 28 March 2010 to be false or misleading in any material aspect.

For and on behalf of the Board of Pacific Andes Resources Development Limited

**Ng Joo Siang**  
*Chairman*

**Ng Joo Puay, Frank**  
*Managing Director*

BY ORDER OF THE BOARD

**Wan Tiew Leng, Lynn**  
*Company Secretary*

12 May 2010