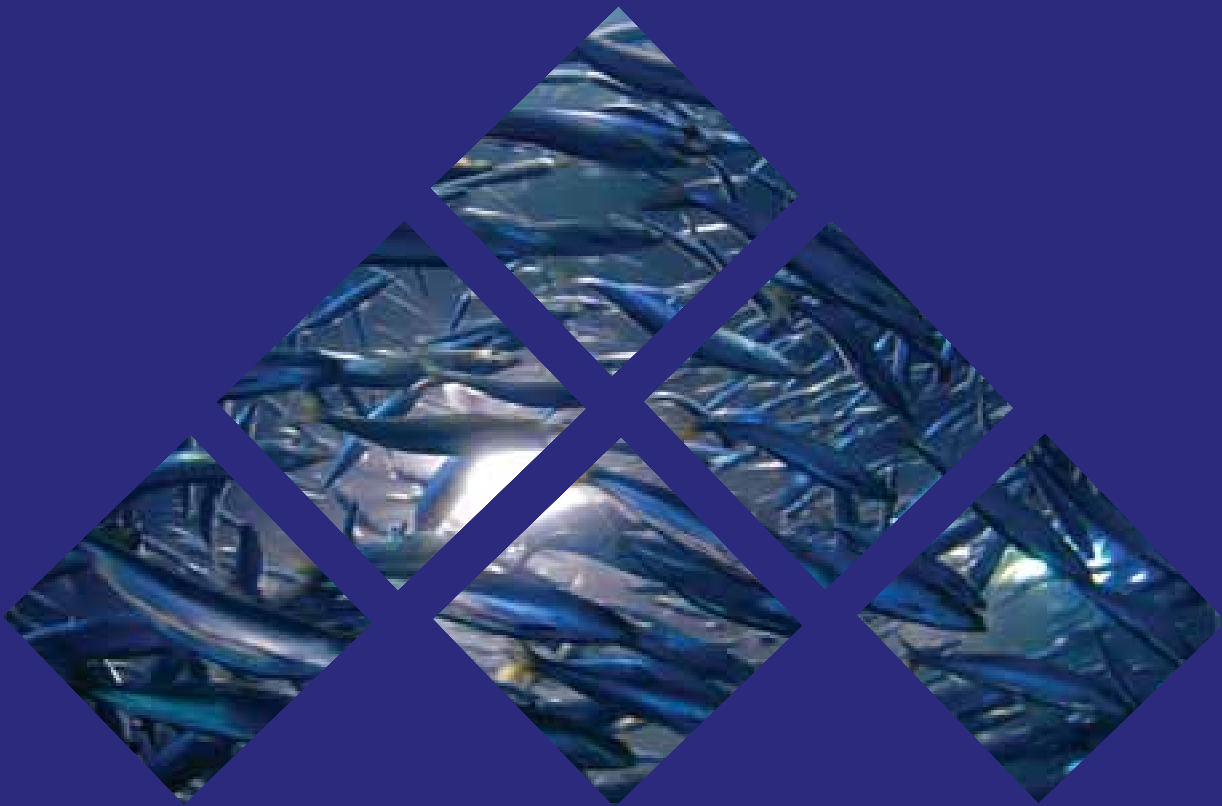
Annual Report 2009



PACIFIC ANDES
RESOURCES DEVELOPMENT LIMITED

CONTENTS



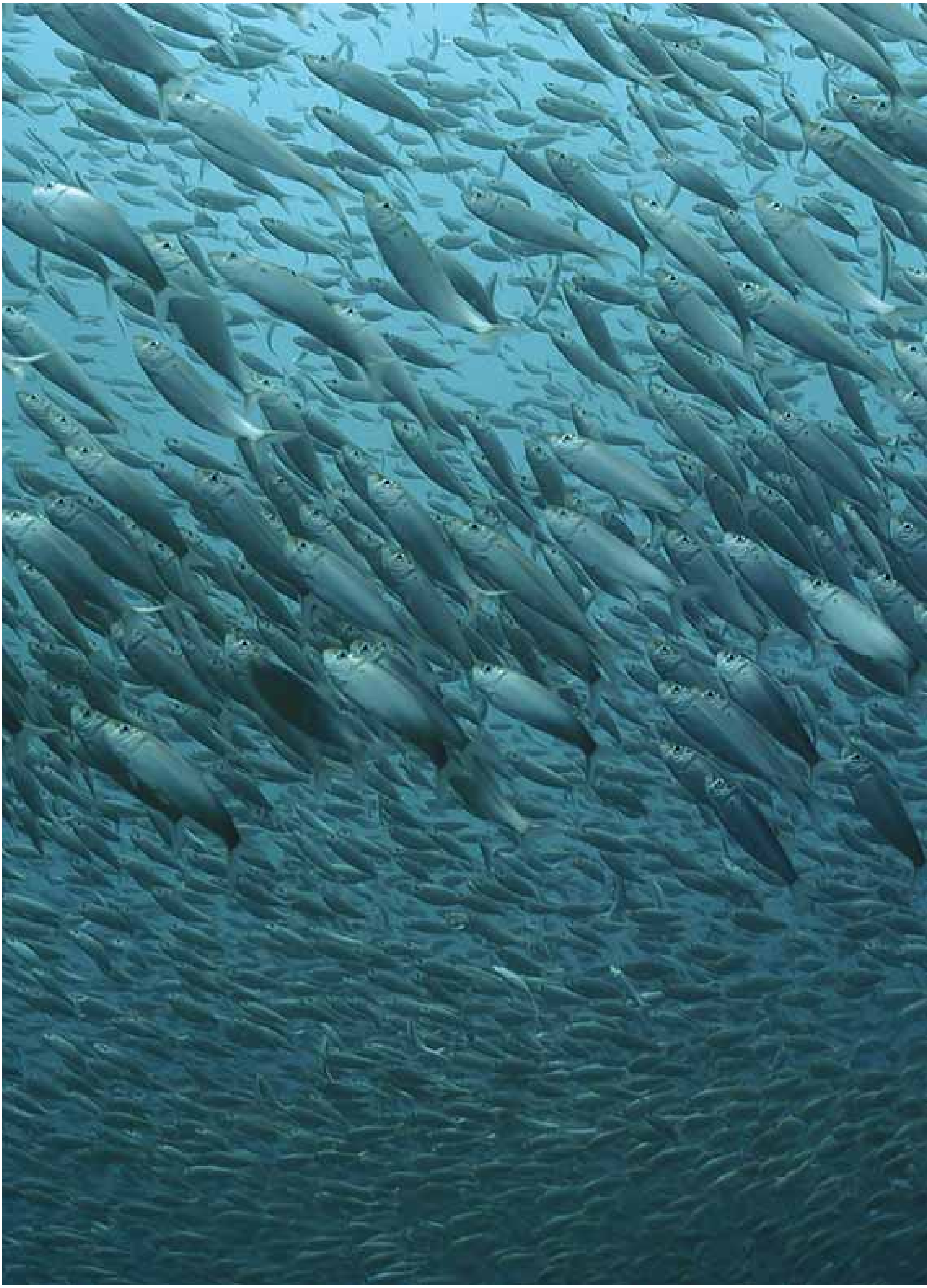
CORPORATE MISSION

We endeavour to be a leading global supply chain manager of quality seafood, through integrating our operations in fishing, sourcing, transportation and logistics, so as to provide safe, nutritious and responsibly harvested products for consumers worldwide.

Corporate Profile

Pacific Andes Resources Development Limited ("PARD" or "the Group") focuses on the development, marketing and distribution of marine resources. We are primarily engaged in the supply chain management of frozen seafood products sourced from oceans all around the world. Besides providing a full range of at-sea transportation and logistical services to fishing companies, we also operate one of the world's most sizeable fishing fleets and fishmeal processing facilities in the Pacific Ocean region.

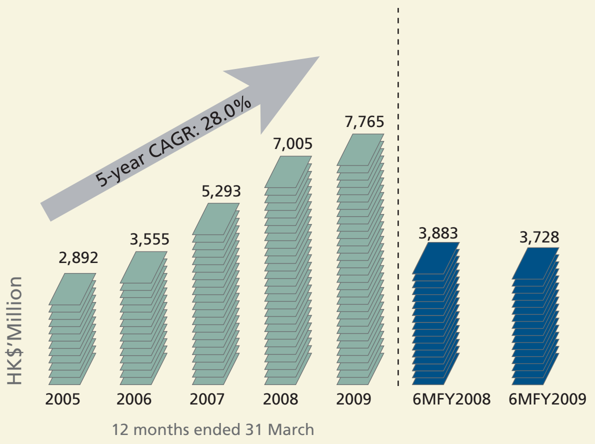




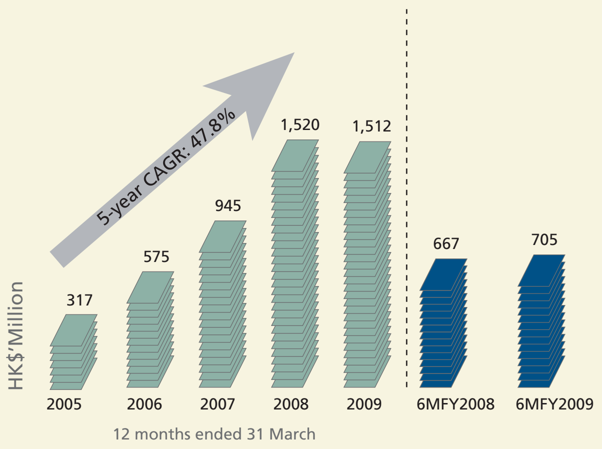
FINANCIAL HIGHLIGHTS

As a result of the change in financial year end date of the Group, the current financial period for the Group covers the six months period from 1 April 2009 to 28 September 2009 ("6MFY2009"). Accordingly, the comparative figures for the corresponding period of the immediately preceding year for the six months period ended 30 September 2008 ("6MFY2008") are presented in the diagrams below.

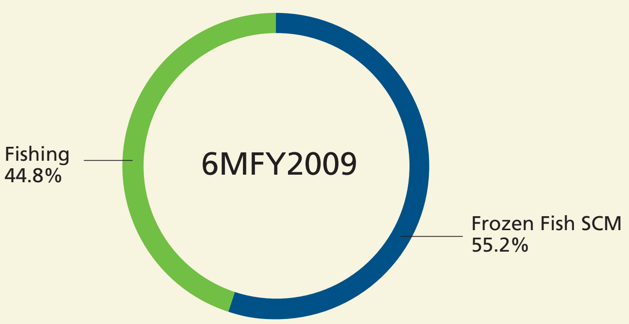
Revenue



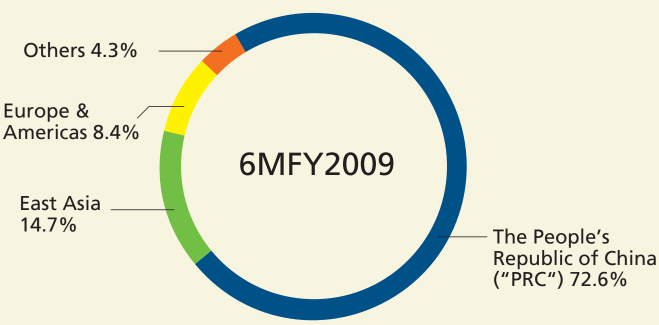
Gross Profit



Revenue by Operations

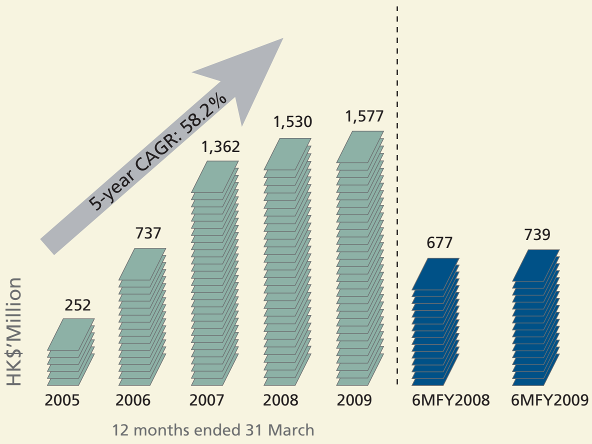


Revenue by Markets

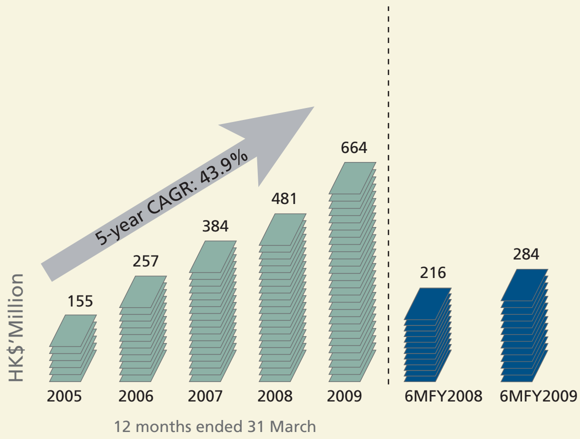


FINANCIAL HIGHLIGHTS

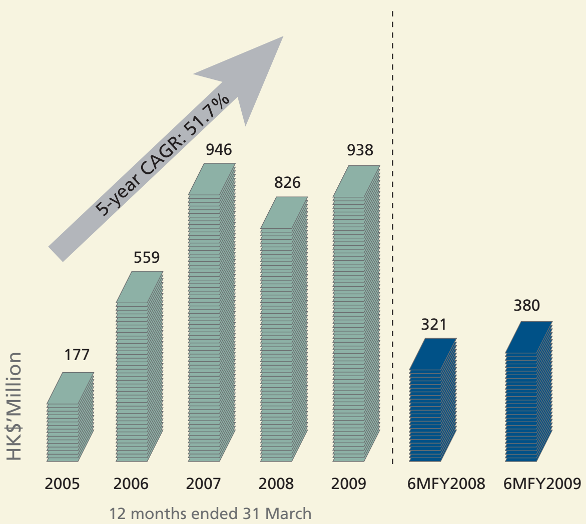
EBITDA



Profit Attributable to Owners of the Company

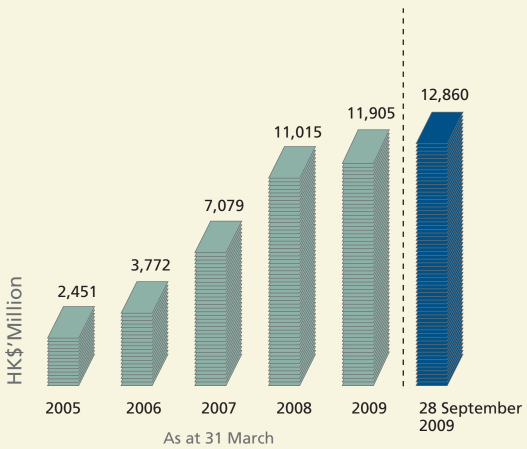


Net Profit

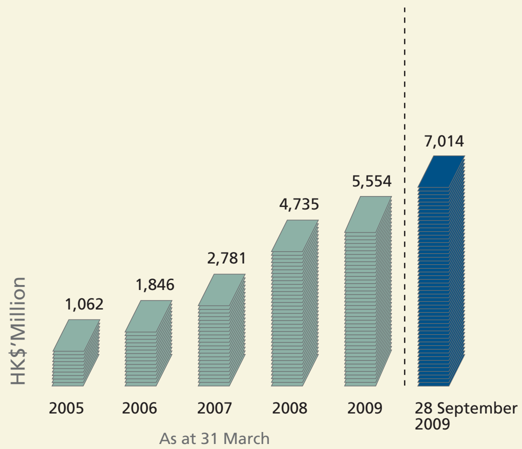


FINANCIAL HIGHLIGHTS

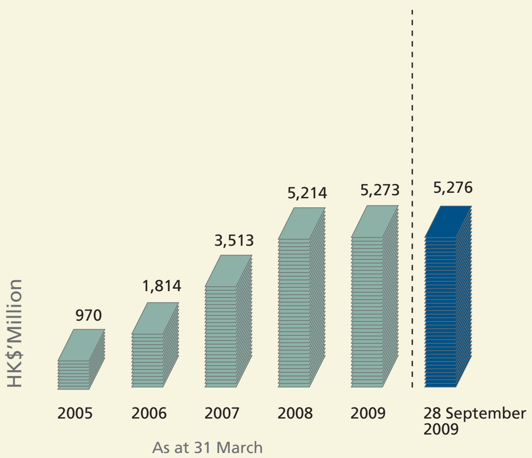
Total Assets



Total Equity



Total Borrowings



CHAIRMAN'S MESSAGE

Dear Valued Investors,

On behalf of the Board of Directors ("Board"), I am delighted to present the Annual Report for PARD. On 26 August 2009, the Group changed its financial year end date from 31 March to 28 September. The change of year end aligns the Group's financial year end with that of its subsidiary, China Fishery Group Limited ("China Fishery"), which owns and operates the company's upstream fishing operations. The Board considers the change would allow all the Group's companies to have a co-terminous year end and thus facilitate the preparation of the Company's consolidated accounts with the same year end date and save its audit costs substantially. As a result, this annual report covers a 6-month period from 1 April 2009 to 28 September 2009 ("6MFY2009").

Being in the consumer staple sector, our business remained resilient and was not affected by the global financial tsunami. Indeed, we recorded 31.8% growth in net profit attributable to equity holders for the six-month period from 1 April to 28 September 2009, which is the financial period under review for this annual report following the change in the Group's financial year end from 31 March to 28 September. Besides achieving improved profits, we also capitalised on opportunities to expand our business, such as establishing a strong presence in the South Pacific for our fishing division.

The Group's Rights Issue in July 2009 which raised a total of HK$1,092.0 million provided a sound financial base to support our expansion activities. The proceeds from the Rights Issue was used for:

1) increasing the Group's stake in the Group's upstream fishing division – China Fishery (HK$37.0 million);

2) the repurchase of convertible bonds and senior notes (HK$72.0 million);

3) the balance payment for the acquisition of China Fishery (HK$416.5 million) in 2007; with the balance for general working capital.

As a result, net debt to equity ratio reduced from 90.9% to 72.1% as at 28 September 2009. The Group will have greater flexibility in utilising its financial resources going forward.

In view of our solid performance in 6MFY2009, the Board has proposed a dividend of 0.6 Singapore cents (S$0.006) per share. Shareholders can opt to receive their dividend in cash or fully paid shares based on the attractive price of S$0.25 per share.

Another important corporate development for the Group in 6MFY2009 was the change in name to Pacific Andes Resources Development Limited from Pacific Andes (Holdings) Limited. We believe that the new name better represents the Group's strategy and commitment to developing, marketing and distribution of under-utilised marine resources from the world's oceans to consumers. Going forward, we will continue to focus on this strategy and commitment as we cement our foothold in the South Pacific, continue to explore new fishing grounds and deepen our market access in existing and new markets.

Business review

The Group's frozen fish supply chain management ("Frozen Fish SCM") division continued to deliver stable and consistent returns. The Frozen Fish SCM division benefitted from economies of scale and saw an increase in trading volume during the period. We also successfully expanded our market access and entered the Eastern European market during the period. However, in view of the lower purchasing power as a result of the challenging economic environment, we adjusted our sales mix during the period by increasing the sales of lower-priced fish and correspondingly reducing that of higher-priced products. This led to level sales for the division at HK$2,057.2 million in 6MFY2009 compared to HK$2,042.5 million in the comparative period last year.

Meanwhile, the Group's fishing division saw our maiden revenue contribution from trial fishing operations in the South Pacific operations, which commenced in July 2009. We expanded the fishing fleet in the South Pacific with the addition of seven catcher vessels and a factory trawler to the five super-trawlers that were re-deployed from the North Pacific operations.

The Group was able to re-deploy the super-trawlers due to the strategic move to even out vessel utilisation throughout the year in the North Pacific operations, which enabled us to reduce costs as well as the number of vessels required without reducing annual catch volume. In line with this strategic move, there was a partial shift in fishing activity in the North Pacific from the first to the fourth quarter of the calendar year. This shift resulted in a temporary drop in sales from the fishing division to HK$1,670.4 million for its first 6 months compared to HK$1,040.2 million last year.

6MFY2009 also saw the implementation of the Individual Transferable Quota ("ITQ") system in Peru, leading to enhanced margins, improved product quality and better yield rate in the fishing division's fishmeal operations. Vessel and fishmeal processing plants utilisation improved, which enabled the Group to consolidate the number of processing plants in Peru from eight to six, and the number of vessels in operation from 39 to 29 in 6MFY2009. Although fishmeal prices softened during the period in line with falling commodity prices worldwide, the Group has been seeing a general uptrend in fishmeal prices due to stronger market demand for fishmeal, particularly in agricultural countries such as the PRC. As we will continue to further enhance the operating efficiency and utilisation of our fleet and fishmeal processing plants, profitability is expected to improve for our fishmeal operations.

Financial review

PARD achieved net profit attributable to owners of HK$284.1 million in 6MFY2009, a 31.8% increase on the back of further cost management initiatives and better economies of scale, which pushed up gross profit margin to 18.9%. The Group's strategic move to even out fleet utilisation in the North Pacific operations had led to a temporary effect of lower sales for this period, dipping 4.0% to HK$3,727.6 million. Earnings per share reached 14 Hong Kong cents (HK$0.14) per share, up 3.3% from the comparable period last year.

The Group's financial position strengthened in 6MFY2009 with an enlarged capital base and improved net debt to equity ratio following the completion of the Rights Issue in July 2009. As at 28 September 2009, the Group's total assets amounted to HK$12,859.6 million and net asset value per share was HK$2.10.

Outlook and Development Plans

As the world's population continue to grow and consumers become increasingly affluent and health conscious, the Group expects demand for fish to continue to rise. According to the Food and Agriculture Organisation of the United Nations ("FAO"), fish consumption in the PRC is expected to increase from 25.6kg in 2003 to over 30kg in 2030, while fish consumption in developing countries such as Africa will also increase. The Group has a very strong presence in the PRC and is currently the country's largest supplier of imported frozen fish. The PRC is also a significant global processing base, which the Group can leverage on as an ideal logistics and product trading hub. At the same time, we are also rapidly growing our presence in the African market. Hence these growth forecasts certainly bode well for the Group's development.

While we continue to pursue growth opportunities, we remain committed to our deeply-held belief in sustainable fishing. We will maintain our focus on abundant and under-utilised ocean resources, source fish from and operate in sustainable fishing grounds. Going forward, we will continue to explore and capture market share in new fishing grounds with abundant and under-utilised fish species. Also, we will persist with our efforts in consolidation and efficiency improvements to further enhance our margins.

In addition, we are also strategically expanding our market presence, particularly in Eastern Europe and Africa. In countries where PARD has established a presence, we plan to drive product diversification to help increase our market share.

Acknowledgement

I would like to express my sincere thanks to my fellow Directors for their invaluable guidance and support as the Group continues to execute our strategy of developing, marketing and distributing under-utilised marine resources from the world's oceans to consumers.

My deepest appreciation as well for the unyielding support of all our stakeholders, including our customers, business partners, bankers, advisers, shareholders, staff and crew members. With your continued support, we look forward to another rewarding year.

Ng Joo Siang
Chairman

23 December 2009

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIALS

As a result of the change in financial year end for the Group, the financial results presented herewith cover the six-month period from 1 April 2009 to 28 September 2009. Accordingly, the comparative figures presented for the consolidated income statement and the related notes have been prepared for the six-month period ended 30 September 2008.

Revenue & Profits

6 MONTHS ENDED 28 SEPTEMBER 2009 VERSUS 6 MONTHS ENDED 30 SEPTEMBER 2008

Revenue for the period under review decreased 4.0% to HK$3,727.6 million due mainly to lower sales from the fishing division. This reflects the temporary effect from a strategic move by the Group to improve its efficiency and margin for the North Pacific operation by evening out its vessel utilisation throughout the year. This partial shift in fishing activity towards the fourth quarter of the calendar year will enable the Group to significantly reduce its costs while maintaining its annual catch volume. As such, sales from the fishing division decreased 9.2% to HK$1,670.4 million, accounting for 44.8% of total revenue. In addition, the strategic move has allowed the Group to redirect vessels made redundant in the North Pacific to its South Pacific operations so as to increase the utilisation rate of the vessels.

Sales from the Frozen Fish SCM division remained stable at HK$2,057.2 million (compared to HK$2,042.5 million in previous corresponding period), accounting for 55.2% of total revenue. The level sales was due to a combination of higher sales volume of lower-priced fish together with reduced sales volume of higher-priced fish as the Group adjusted its sales mix in view of the lower purchasing power in the market during a period of challenging economic environment.

Geographically, the PRC remained the Group's largest market, accounting for HK$2,706.7 million or 72.6% of total revenue, followed by East Asia, which accounted for HK$548.3 million or 14.7% of total revenue.

Gross profit for the period increased by 5.7% to HK$705.4 million while gross margin improved from 17.2% to 18.9%, despite a 4.0% decline in total revenue during the period. The improvement in the Group's gross profit margin was a result of greater economies of scale achieved in the Frozen Fish SCM and improved cost efficiencies in the fishing division.

The Group recorded other operating income of HK$49.5 million from profit on repurchase of the convertible bonds and senior notes; and exchange gains from hedging on its Japanese Yen receivables.

Although sales revenue was lower for the period, sales volume had increased, resulting in a 9.1% increase in selling and distributing expenses to HK$96.1 million.

Finance costs were reduced by 19.4% to HK$169.4 million due to lower interest rates and interest savings from the repurchase of convertible bonds and senior notes.

The Group's net profit increased 18.3% to HK$380.0 million from HK$321.1 million in the previous corresponding period, while net profit attributable to owners increased 31.8% to HK$284.1 million from HK$215.6 million.

Balance Sheet

28 SEPTEMBER 2009 VERSUS 31 MARCH 2009

Assets

As at 28 September 2009, the Group's total assets amounted to HK$12,859.6 million, comprising HK$7,622.1 million in non-current assets and HK$5,237.5 million in current assets.

Non-current assets increased from HK$7,169.7 million as at 31 March 2009 to HK$7,622.1 million as at 28 September 2009, due mainly to construction of the Group's factory trawler as well as acquisitions of more catcher vessels for the South Pacific operations.

Current assets increased from HK$4,734.9 million to HK$5,237.5 million, principally due to down payment for the purchase of catcher vessels and other equipments for the South Pacific operations.

Liabilities

As of 28 September 2009, the Group's total liabilities amounted to HK$5,845.9 million, comprising HK$2,874.0 million in current liabilities and HK$2,971.9 million in non-current liabilities.

Total interest-bearing borrowings increased marginally from HK$5,273.0 million to HK$5,276.1 million as at 28 September 2009 despite an increase in bank borrowings from China Fishery of HK$312 million for the financing of its South Pacific expansion.

Total liabilities decreased 7.9% from HK$6,350.5 million to HK$5,845.9 million as at 28 September 2009.

With the completion of the Rights Issue, as at 28 September 2009, the Group's net debt to equity ratio improved from 90.9% to 72.1%, net working capital also improved from 1.5 times to 1.8 times.

CORPORATE INFORMATION

Board of Directors

EXECUTIVE DIRECTORS
Ng Joo Siang (Chairman)
Ng Joo Puay, Frank (Managing Director)
Teh Hong Eng
Ng Joo Kwee

INDEPENDENT DIRECTORS
Bertie Cheng Shao Shiong
Lt-Gen (Ret) Ng Jui Ping

ALTERNATE DIRECTORS
Ng Puay Yee (Alternate Director to Teh Hong Eng)
Chan Tak Hei (Alternate Director to Ng Joo Kwee)

Company Secretary

Lynn Wan Tiew Leng
Tan Cher Liang

Solicitors

David Lim & Partners

Auditors

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809
Partner in-charge: Tsia Chee Wah
Date of appointment: 30 July 2008

Principal Bankers

CITIC Ka Wah Bank Limited
HSBC
Nyi Landsbanki Island hf.
Rabobank International
Standard Chartered Bank (HK) Ltd

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda
Tel: 441-295 2244
Fax: 441-292 8666

Principal Office

Rooms 3201-3210
Hong Kong Plaza
188 Connaught Road West
Hong Kong
Tel: 852-2547 0168
Fax: 852-2858 2764
Email: ir@pacificandes.com

Singapore Office

143 Cecil Street
#11-01 GB Building
Singapore 069542
Tel: 65-6276 6666
Fax: 65-6276 7676

Principal Registrars & Transfer Office in Bermuda

Reid Management Limited
Argyle House
41a Cedar Avenue
PO Box HM 1179
Hamilton HMEX
Bermuda

Branch Registrars & Transfer Office in Singapore

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Tel: 65-6536 5335
Fax: 65-6536 1360

Registration Number

22137

Company Website

http://www.paresourcesdevelopment.com

DIRECTORS' PROFILE

Executive Directors

MR NG JOO SIANG

50, is the founding member, an Executive Director and the Chairman of the Company. He is the managing director and vice-chairman of the Hong Kong-listed parent company, Pacific Andes International Holdings Limited. He is also the executive director of the Company's indirect non-wholly owned Singapore listed subsidiary, China Fishery Group Limited. He is responsible for the formulation of corporate policies and strategies, and oversees the development, management and investments of the Group. He was appointed as Chairman to succeed the late Chairman. Mr Ng Swee Hong on 30 March 2007.

Mr Ng graduated from Louisiana State University, Baton Rouge, Louisiana in the USA, majoring in international trade and finance. He has over 20 years of experience in the seafood and shipping industries.

Mr Ng is the son of Madam Teh Hong Eng and the brother of Mr Ng Joo Kwee, Mr Ng Joo Puay, Frank and Ms Ng Puay Yee.

MR NG JOO PUAY, FRANK

47, is the Managing Director of the Company, responsible for corporate planning and policy administration of the Group. He is also the executive director of the Hong Kong-listed parent Company, Pacific Andes International Holdings Limited. Mr Ng graduated from Loyola University in New Orleans, Louisiana, in the USA, majoring in business administration. He has over 20 years of experience in the seafood trading business. Prior to joining the Group in 1987, Mr Ng was a trading manager with a fish trading company in Taiwan for three years.

Mr Ng is the son of Madam Teh Hong Eng and the brother of Mr Ng Joo Siang, Mr Ng Joo Kwee and Ms Ng Puay Yee.

MADAM TEH HONG ENG

74, is the Executive Director of the Company, responsible for general administration and strategic planning. She joined the Group in 1986 and has over 30 years' experience in administration and financial investments. She is also the chairperson of the Hong Kong-listed parent company, Pacific Andes International Holdings Limited. Mdm Teh was last re-elected as a Director on 30 July 2009.

Madam Teh is the mother of Mr Ng Joo Siang, Mr Ng Joo Kwee, Mr Ng Joo Puay, Frank and Ms Ng Puay Yee.

MR NG JOO KWEE

49, is the Executive Director of the Company. He is the executive chairman of the Company's indirect non-wholly owned Singapore listed subsidiary, China Fishery Group Limited. He is also the executive director of the Hong Kong-listed parent company, Pacific Andes International Holdings Limited. He oversees the sourcing, sales and marketing activities of the Group. Mr Ng received education in the USA at Southeastern Louisiana University in Hammond, Louisiana. Between 1983 and 1989, he was president of a seafood trading and fishing company in Taiwan. In 1989, Mr Ng joined the Group as General Manager of its China operations. In 1994, Mr Ng resigned from the Company, but rejoined in March 1996 and was last re-elected a Director on 31 July 2007.

Mr Ng is the son of Madam Teh Hong Eng and the brother of Mr Ng Joo Siang, Mr Ng Joo Puay, Frank and Ms Ng Puay Yee.

Independent Directors

MR BERTIE CHENG SHAO SHIONG

72, was appointed as an Independent Director of the Company on 29 December 1997. With effect from 27 January 2006, he was appointed as the Chairman of the Audit Committee.

Mr Cheng holds and has held directorships in various companies, listed and unlisted. Currently, he is the Chairman of TeleChoice International Limited and Non-Executive Chairman of Tee International Limited. He is also a Director of Hong Leong Finance Limited, Thomson Medical Centre Limited, CFM Holdings Limited and Westech Electronic Limited. His past directorship over the preceding three years in other listed companies are SHC Capital Ltd and Singapore Petroleum Company Ltd.

Mr Cheng holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001. He also received the Friend of Labour Award from the National Trade Union Congress (NTUC) in 2008.

Mr Cheng was last re-elected as a Director on 30 July 2008.

LIEUTENENT-GENERAL (RETIRED) NG JUI PING

61, was appointed as an Independent Director of the Company and the Chairman of the Nominating and Remuneration Committees of the Company on 27 January 2006.

General Ng had a distinguished 30-year military career culminating in the position of Chief of Defence Force, Singapore from 1992 to 1995 and before that, Chief of Army, Singapore from 1990 to 1992. He was conferred numerous awards in his military career for distinguished service to Singapore, including the Meritorious Service Medal (Military) in 1995. He has also been conferred prestigious awards by many countries for his contributions. After his retirement from the Armed Forces, the General took up the entrepreneurial route and listed the company he co-founded on the Singapore Exchange (SGX) Mainboard in January 2000. He now heads his own consulting and learning businesses, and sits on selected Boards of listed and unlisted companies. Currently, he also sits on the board of Yanlord Land Group Limited, a listed company and his past directorships over the preceding three years in other listed companies are Eunetworks Group Limited and Unisteel Technology Limited.

General Ng holds a Master of Arts degree in History from Duke University, USA. He also completed the Advanced Management Programme at Harvard Business School, Harvard University, USA.

General Ng was last re-elected as a Director on 27 July 2006.

Alternate Directors

MS NG PUAY YEE

37, was appointed as an Alternate Director to Madam Teh Hong Eng on 15 March 2002. She is also an executive director of the parent company, Pacific Andes International Holdings Limited. She is responsible for global sourcing as well as international sales and marketing of frozen seafood products to markets out of the PRC. Ms Ng graduated from Indiana University at Bloomington, USA majoring in Mass Communication. Ms Ng joined the Group in 1995.

Ms Ng is the daughter of Madam Teh Hong Eng and the sister of Mr Ng Joo Siang, Mr Ng Joo Kwee and Mr Ng Joo Puay, Frank.

MR CHAN TAK HEI

40, was appointed as an Alternate Director to Mr Ng Joo Kwee on 15 March 2002. He is also the finance director of the Company's indirect non-wholly owned Singapore-listed subsidiary, China Fishery Group Limited. Mr Chan graduated from the Hong Kong Polytechnic University with a bachelor degree in accountancy and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group in 1995, he worked with an international accounting firm for more than four years.

REPORT OF THE DIRECTORS

The directors present their annual report and the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 28 September 2009. The financial year covers the period from 1 April 2009 to 28 September 2009. The Group changed its financial year end to 28 September 2009 to be co-terminous with that of its intermediate holding company.

1. Directors

The directors of the Company in office at the date of this report are:

Executive directors:

Ng Joo Siang – Chairman
Ng Joo Puay, Frank – Managing Director
Teh Hong Eng
Ng Joo Kwee
Ng Puay Yee (Alternate director to Teh Hong Eng)
Chan Tak Hei (Alternate director to Ng Joo Kwee)

Non-executive directors:

Bertie Cheng Shao Shiong
Lt-Gen (Ret) Ng Jui Ping

In accordance with the provisions of the Company's bye-laws, Lt-Gen (Ret) Ng Jui Ping retires and, being eligible, offers himself for re-election. All other directors continue in office.

The term of office of each non-executive director is the period up to his re-appointment or retirement by rotation in accordance with the Company's bye-laws.

2. Share Capital and Debentures

Details of movements in the share capital, convertible bonds and senior notes of the Company are set out in notes 38, 35 and 36 to the financial statements respectively.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares except for the repurchase of the convertible bonds as disclosed in note 35.

3. Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

4. Directors' Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

	Direct		Deemed	
Name of director and Company in which interests is held	**At 1 April 2009**	**At 28 September 2009**	**At 1 April 2009**	**At 28 September 2009**
The Company		Ordinary shares of S$0.05 each (note a)		
Bertie Cheng Shao Shiong	200,000	–	2,000,000 (note b)	4,400,000 (note b)
Lt-Gen (Ret) Ng Jui Ping	112,500	225,000	–	–
Intermediate holding company, Pacific Andes International Holdings Limited		Ordinary shares of HK$0.10 each		
Ng Joo Siang	–	–	1,059,600 (note c)	2,140,786 (note c)
Ng Puay Yee	1,056,389	1,610,583	–	–
Lt-Gen (Ret) Ng Jui Ping	366,802	583,095	–	–
Subsidiary, China Fishery Group Limited		Ordinary shares of US$0.05 each		
Chan Tak Hei	40,000	–	–	–

Notes:

(a) At 23 June 2009, the par value of each of the issued ordinary share of the Company was reduced from S$0.20 each to S$0.05 each.

(b) These shares are held under nominees, Hong Leong Finance Nominees Pte Ltd.

(c) These shares are held under the name of the spouse of Ng Joo Siang.

There were no movements in the interest of directors in shares from the end of the financial year to 19 October 2009.

5. Share Options Scheme/Share Awards Scheme and Warrants

(A) Share option scheme of the Company

(i) At a special general meeting held on 31 August 2001, the shareholders of the Company approved a new share option scheme known as the Pacific Andes Resources Development Share Option Scheme 2001 (the "2001 Scheme").

(ii) Participants of the 2001 Scheme are detailed below:

(a) Directors and employees of the Company and its subsidiaries

Participants of the Scheme	Options granted during the financial year	Aggregate options granted since commencement of the 2001 Scheme to end of financial year	Aggregate options exercised since commencement of the 2001 Scheme to end of financial year	Aggregate options outstanding at 28 September 2009	At 19 October 2009
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Bertie Cheng Shao Shiong	–	800,000	(800,000)	–	–

No options have been granted to directors and employees of the subsidiaries.

(b) Controlling Shareholders and its associates, directors and employees of the parent company and its subsidiaries and executive directors and employees of the Company's associated companies.

No options have been granted under the 2001 Scheme to this group of participants since the commencement of the 2001 Scheme.

No participant has received 5% or more of the total number of options available under the 2001 Scheme.

(iii) The Subscription Price of the 2001 Scheme is determined as detailed below:

(a) Subscription Price

Subject to adjustment pursuant to the rules of the 2001 Scheme, the Subscription Price for each Scheme Share on the exercise of a Market Price Option shall be the average of the last dealt prices for a Share, as determined by reference to the daily official list made available by the Singapore Exchange Securities Trading Limited, for the three consecutive Trading Days immediately preceding the Offering Date of that Option, rounded up to the nearest whole cent (the "Market Price").

The Subscription Price for each Scheme Share in respect of which an Incentive or Discount Price Option is exercisable shall be the Market Price (as determined above), subject to a discount, if any, as may be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of that Option shall not exceed 20 percent of the initial Subscription Price in respect of Incentive Price Option, or of the Market Price for Discount Price Option.

Note: Consequent to the change of Company's name to Pacific Andes Resources Development Limited on 5 August 2009, the Pacific Andes (Holdings) Share Option Scheme 2001 shall be known as Pacific Andes Resources Development Share Option Scheme 2001.

5. Share Options Scheme/Share Awards Scheme and Warrants – Continued

(A) Share option scheme of the Company – Continued

(iii) The Subscription Price of the 2001 Scheme is determined as detailed below:

(b) Adjustments

In the event of a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue or a reduction, subdivision or consolidation of the Shares) the Subscription Price, the par value, class and/or the number of Shares comprised in the Option to the extent unexercised, or over which Options may be granted, may be adjusted in such manner as the Remuneration Committee may determine to be appropriate, and except in relation to a capitalisation issue, upon the written confirmation by the Auditors or other qualified financial consultants appointed by the Remuneration Committee (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.

Notwithstanding the above, no adjustment to the Subscription Price shall be made if, as a result, the Subscription Price shall fall below the par value of a Share or the number of Shares.

(iv) No Share Options under the 2001 Scheme were granted during the financial year under review and no Share Options were granted with exercise prices set at a discount to the market price of the Company's Shares.

(B) Share Award Scheme of the Company

The Company also has in place a share award scheme known as the PARD Share Award Scheme (the "Share Award Scheme"), which was approved by the shareholders of the Company at a special general meeting held on 31 July 2007.

(i) The Company would at its discretion and on a free-of charge basis, grants Awards, which represent a specified number of fully paid shares in the share capital of the Company. The Awards will vest only after satisfactory completion of Time-Based Targets and/or Time-And-Performance-Based Targets and shall not be more than 10 years from the date of the grant of the shares. Upon the vesting of an Award, the participant may receive any or a combination of the following:

(a) new ordinary shares credited as fully paid up;

(b) existing shares repurchased from open market; and/or

(c) cash equivalent value of such shares.

No Awards have been granted to participants under the Share Award Scheme as at 28 September 2009.

(ii) The 2001 Scheme and the Share Award Scheme are administered by the Remuneration Committee comprising Lt-Gen Ng Jui Ping, Bertie Cheng Shao Shiong and Ng Joo Siang.

(iii) The aggregate number of ordinary shares over which options may be granted pursuant to the 2001 Scheme and the Share Award Scheme shall not exceed ten percent (10%) of the total issued share capital of the Company from time to time and the 2001 Scheme, the Share Award Scheme and any other share scheme which the Company may have in place shall not exceed 15 percent of the issued share capital of the Company from time to time.

(C) Share Awards Scheme of Subsidiary

(i) The CFGL Share Awards Scheme ("CFGL SAS") in respect of ordinary shares in China Fishery Group Limited was approved by the shareholders of China Fishery Group Limited on 30 April 2007.

(ii) The CFGL SAS is administered by the Remuneration Committee of China Fishery Group Limited, currently comprising Lim Soon Hock, Tse Mun Bun and Tan Ngiap Joo.

Note: Consequent to the change of Company's name to Pacific Andes Resources Development Limited on 5 August 2009, the PAH Share Award Scheme shall be known as PARD Share Award Scheme.

5. Share Options Scheme/Share Awards Scheme and Warrants – Continued

(C) Share Awards Scheme of Subsidiary – Continued

(iii) China Fishery Group Limited would at its discretion and on a free-of-charge basis, grants shares under the CFGL SAS to participants of the scheme. The shares will vest only after satisfactory completion of time-based targets and/or time-and-performance-based targets and shall not be more than 10 years from the date of the grant of the shares. Upon vesting, the participant may receive any or a combination of the following:

(a) new ordinary shares credited as fully paid up;

(b) existing shares repurchased from open market; and

(c) cash equivalent value of such shares.

(iv) 1,221,826 (31 March 2009 : 1,208,087) shares awards have been granted to the staff of Pacific Andes International Holdings Limited and China Fishery Group Limited as at 28 September 2009, but no share award will vest until 16 February 2012.

(v) The aggregate number of ordinary shares which may be issued under the CFGL SAS shall not exceed 15% of the issued share capital of China Fishery Group Limited from time to time.

Other than as disclosed above, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

(D) Warrants

(i) On 24 July 2009, 278,237,699 free detachable warrants were issued together with the rights issue of the Company. Each warrant entitles the holder to subscribe for one ordinary share of S$0.05 each at the exercise price of S$0.23 per share at any time from the date of issue up to and including 22 July 2011.

(ii) The directors of the Company holding office at the end of the financial year had no interests in the Warrants of the Company except as follows:

	Direct		Deemed	
Name of directors and Company in which interests is held	**At 1 April 2009**	**At 28 September 2009**	**At 1 April 2009**	**At 28 September 2009**
The Company	Warrants with subscription price of S$0.23 each			
Bertie Cheng Shao Shiong	–	–	–	440,000 (note)
Lt-Gen (Ret) Ng Jui Ping	–	22,500	–	–

Note: These warrants are held under nominees, Hong Leong Finance Nominees Pte Ltd.

6. Directors' Interest in Contracts of Significance

Other than as disclosed in Note 46 to the financial statements and in the Report on Corporate Governance, there was no contract of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, existing at the end of the year or at any time during the year.

7. Auditors

The auditors, Messrs. Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board

Ng Joo Siang
Chairman

Ng Joo Puay, Frank
Managing Director

23 December 2009

STATEMENT OF THE DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 34 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 28 September 2009, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the six months period ended 28 September 2009. At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Ng Joo Siang
Chairman

Ng Joo Puay, Frank
Managing Director

23 December 2009

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Pacific Andes Resources Development Limited (the "Company") is committed to maintaining a high standard of corporate governance through effective transparency and disclosures. This report sets out the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2005 (the "Code") and the best practices issued by the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Board is pleased to confirm that for the financial period from 1 April 2009 to 28 September 2009 ("6MFY2009"), the Company has generally adhered to the framework as outlined in the Code and where there are deviations from the Code, the reasons for which deviations are explained accordingly.

Board of Directors

Board's Conduct of Its Affairs

Principle 1: Effective Board to lead and control the Company

The Board's primary role is to protect and enhance long-term shareholders' value. Apart from its fiduciary duties, the Board oversees the business affairs of the Company and assumes responsibility for the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

To assist in the execution of its responsibilities, the Board has established the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). These Board Committees function within clearly defined terms of reference, which are reviewed on a regular basis.

The Board conducts regular scheduled meetings at least four times a year and meets as and when warranted by particular circumstances between these scheduled meetings. The Company's Bye-Laws provide for meetings to be held via telephone and video conferencing.

The Company has in place orientation programmes for newly appointed Directors to ensure that they are familiar with the Group structure, its business and operations, governance policies, policies on disclosure of interests in securities, rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. Newly appointed Directors are expected to participate in the orientation programmes, which include meetings with the Chairman/ Managing Director and the Finance Director to obtain insight information and an understanding of the business.

Matters which specifically require Board approval are those involving material acquisitions, disposal of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders and matters which require Board approval as specified under the Company's interested person transaction policy.

To facilitate effective management, certain functions have been delegated by the Board to various Board Committees. Each Board Committee operates under clearly defined terms of reference. The Chairman of the respective Committees will report to the Board the outcome of the Committee meetings.

The Board met twice in 6MFY2009. Details of directors' attendance at Board and Board committees meetings held in 6MFY2009 are summarised in the table below:

Name of Directors	Board Held	Board Attended	Audit Committee Held	Audit Committee Attended	Remuneration Committee Held	Remuneration Committee Attended	Nominating Committee Held	Nominating Committee Attended
Ng Joo Siang	2	2	NA	NA	1	1	2	2
Teh Hong Eng (Alternate: Ng Puay Yee)	2	2	NA	NA	NA	NA	NA	NA
Ng Joo Puay, Frank	2	2	NA	NA	NA	NA	NA	NA
Ng Joo Kwee	2	2	NA	NA	NA	NA	NA	NA
Chan Tak Hei (Alternate Director to Ng Joo Kwee)	2	2	3[1]	3[1]	1	1[2]	2	2[2]
Bertie Cheng Shao Shiong	2	2	3	3	1	1	2	2
Lt-Gen (Ret) Ng Jui Ping	2	2	3	3	1	1	2	2

Notes:

NA: Not applicable

[1] Chan Tak Hei is also an Audit Committee Member.
[2] Chan Tak Hei attended these Meetings by invitation.

All directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions. Where possible and when the opportunity arises, the non-executive directors will be invited to the Group's key locations of operations to enable them to obtain a better perspective of the business and enhance their understanding of the Group's operations.

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

The Board comprises 4 executive directors, 2 independent non-executive directors and 2 alternate directors.

As at the date of this report, the Board comprises the following Directors:

Executive Directors:
Ng Joo Siang (Chairman)
Ng Joo Puay, Frank (Managing Director)
Teh Hong Eng
Ng Joo Kwee

Independent Non-Executive Directors
Bertie Cheng Shao Shiong
Lt-Gen (Ret) Ng Jui Ping

Alternate Directors
Ng Puay Yee (Alternate Director to Teh Hong Eng)
Chan Tak Hei (Alternate Director to Ng Joo Kwee)

The independence of each director is reviewed annually by the Nominating Committee ("NC"), which has adopted the Code's definition of what constitutes an independent director in its review. As a result of the NC's review both the non-executive directors are considered independent.

The executive directors have extensive experience in the frozen seafood and shipping industry and the independent non-executive directors are well established in their respective professions and possess the relevant expertise and experience in areas such as accounting, finance and business management.

The Board's structure, size and composition are reviewed annually by the NC who is of the view that the current size of 6 Board Members is appropriate, taking into account the nature and scope of the Group's operations to facilitate effective decision-making. The NC is in the process of considering a third Independent non-executive Director. The Independent non-executive Directors do constructively challenge Management and assist in the development of proposals on strategy. The NC is satisfied that the Board comprises directors who as a group provide core competencies such as industry knowledge, strategic planning experience and customer-based experience and knowledge, finance, accounting, business and management experience necessary to meet the Company's performance targets.

Details of directors' qualifications and experiences are set out on pages 14 and 15 (Directors' Profile) of this report.

Chairman and Chief Executive Officer ("CEO")

Principle 3: Clear division of responsibilities at the top of the Company

The Executive Chairman of the Company is Mr Ng Joo Siang, who is one of the founders of the Group and plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. Mr Ng is responsible for the workings of the Board and ensures the integrity and effectiveness of the governance process of the Board.

The Company's Managing Director ("MD") is Mr Ng Joo Puay, Frank, who is responsible for the day-to-day running of the Group as well as the exercise of strategic goals and control of the quality, quantity and timeliness of information flow between the Board and Management.

Mr Ng Joo Siang and Mr Frank Ng are brothers. There is a clear division of responsibilities between the Chairman and the MD. This ensures a balance of power and authority at the top, as no one individual represents a considerable concentration of power. The roles of Chairman and MD are separate to ensure an appropriate balance of power, increased accountability and greater capacity to the Board for independent decision-making.

All major decisions made by the Executive Chairman and MD are endorsed by the Board. Their performance and appointments to the Board are reviewed periodically by the NC and their remuneration packages are reviewed periodically by the RC. As such, the Board believes that there are adequate safeguards in place against an imbalance concentration of power and authority in single individuals.

The Board has empowered the NC to review the appointment of a lead independent director should the Chairman and the MD is the same person.

Board Membership

Principle 4: Formal and transparent process for appointment of new directors to the Board

The Directors who held office during the financial year end and up to the date of this report are disclosed on page 16 (Report of the Directors) of this Annual Report. Their profiles are disclosed on page 13 (Corporate Information) and pages 14 and 15 (Directors' Profile) of this Annual Report.

The Board, through the delegation of its authority to the NC has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, legal, finance and management skill critical to the Group's business to enable the Board to make sound and well-considered decisions.

Nominating Committee

The NC, regulated by a set of written terms of reference, comprises 3 members, a majority of whom are Independent non-executive Directors, as follows:

Lt-Gen (Ret) Ng Jui Ping (Chairman)
Bertie Cheng Shao Shiong
Ng Joo Siang

The NC is chaired by Lt-Gen (Ret) Ng Jui Ping, an Independent non-executive Director, who is not associated, directly or indirectly, with a substantial shareholder.

The primary function of the NC is to determine the criteria for identifying candidates and to review nominations for the appointment of Directors to the Board, to consider how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows:

(1) to make recommendations to the Board on all board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour, and any other salient factors);

(2) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

(3) to determine annually whether a Director is independent, in accordance with the independence guidelines contained in the Code;

(4) to review whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations; and

(5) to consider how the Board's performance may be evaluated and propose objective performance criteria.

In accordance with the Company's Bye-laws, each Director (other than the Chairman and/or Managing Director) will have to retire at least once every three years by rotation and all newly appointed Directors will have to retire at the next Annual General Meeting. The retiring Directors who are eligible will offer themselves for re-election.

The NC had recommended the re-election of Lt-Gen (Ret) Ng Jui Ping who will be retiring at the forthcoming Annual General Meeting. The Board has accepted the NC recommendations and Lt-Gen (Ret) Ng Jui Ping, who is eligible, will be offering himself for re-election.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contributions by each Director.

While the Code recommends that the NC be responsible for assessing the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, the NC felt that it is more appropriate and effective to assess the Board as a whole, bearing in mind that each member of the Board contributes in different way to the success of the Company. Board decisions are also made on a collective basis.

The NC has adopted a formal system of evaluating the Board performance as a whole. This process entails the completion of a questionnaire by Board Members. A summary of the findings is prepared following the return of the completed questionnaire for review and deliberation by the NC. The NC Chairman then reports the findings to the Board so that appropriate course of actions are agreed. The NC in conducting the appraisal process to assess the performance and effectiveness of the Board as a whole, focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities, CEO/top management succession planning and the directors' standards of conduct.

During 6MFY2009, the Board adopted the recommendation of using quantitative financial indications. The measures are:

(i) Company's share performance over a 3-year period against Singapore Straits Times Index
(ii) Return on Assets
(iii) Return on Equity
(iv) Earnings per Share

Access to Information

Principle 6: Board members to have complete, adequate and timely information

All Directors have independent access to the Group's senior management and the Company Secretary and External Auditors at all times. All Directors are provided with adequate and timely information prior to Board meetings and on an ongoing basis. The Company Secretary provides secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations, which are applicable to the Company. The Company Secretary attends all Board and Board committees meetings. Should Directors, whether as a group or individually, need independent professional advice to fulfill their duties, such advice will be obtained from a professional firm of the director's choice, the cost of which will be borne by the Company.

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives

Remuneration Committee

The RC, regulated by a set of written terms of reference, comprises 3 members. Although not all the RC Members are non-executive Directors (a recommendation of the Code), a majority are Independent non-executive Directors, including the Chairman of the RC. Mr Ng Joo Siang, Chairman of the Board, is a member of the RC so that he provides valuable insights into the performance of the senior executives so as to assist in linking their remuneration to their performance. Mr Ng does not participate in discussions or decisions on his own remuneration. The composition of the RC is as follows:

Lt-Gen (Ret) Ng Jui Ping (Chairman)
Bertie Cheng Shao Shiong
Ng Joo Siang

The RC reviews and recommends to the Board the following matters:

(a) the remuneration packages of all Directors and senior executives of the Group;

(b) fees for Independent non-executive Directors, subject to shareholders' approval at the AGM; and

(c) all service contracts and terms of employment of the Executive Directors and senior executives. The RC also has access to external professional advice on remuneration matters, if required.

At the last Annual General Meeting held on 30 July 2009, Directors' fees of S$100,000 had been approved for the period from 1 April 2009 to 31 March 2010. Due to the change of the Company's financial year end from 31 March to 28 September, the RC had recommended to the Board an amount of S$150,000 as Directors' fees for the period from 29 September 2009 to 28 September 2010 be paid yearly in arrears, which includes a provision for the appointment of an additional Director. The Board will table this recommendation at the forthcoming AGM for shareholders' approval.

Other than the Independent non-executive Directors' fees, which are set in accordance with a remuneration framework, the Board has decided that the policy on annual remuneration will not be tabled at the forthcoming AGM.

Level and Mix of Remuneration

Principle 8: The level of remuneration for Directors should be adequate, not excessive, and linked to performance

The remuneration policy of the Company is to provide compensation packages at market rates, which rewards successful performance and attract, retain and motivate Directors and senior management.

The Executive Directors do not receive Directors' fees. The Executive Directors' and key senior management remuneration packages are based on service contracts and their remuneration are determined by having regard to the performance of the Group as well as individuals and market trends. Service contracts for the Executive Directors do not contain onerous removal clauses. Non-Executive and Independent Directors are paid yearly Directors' fees of an agreed amount set at a competitive level based on their contributions, taking into account factors such as effort, time spent and their respective responsibilities. Directors' fees are recommended by the Board for shareholders' approval at the Company's Annual General Meeting.

The Company has in place a share option scheme known as the Pacific Andes Resources Development Limited Employees' Share Option Scheme and a share awards scheme known as the PARD Share Awards Scheme, details of which are disclosed on page 18. These two schemes are administered by the RC.

The Company's shareholders have approved at the Special General Meeting ("SGM") held on 30 July 2008 to amend the Company's Articles of Association to include provisions on treasury shares. With this amendment, the Company would be able to acquire its own shares either through market purchase or off-market purchase and thereafter and hold them as treasury shares. These treasury shares may be offered to the Group's employees through the share award scheme, where applicable.

Disclosure on Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting the remuneration

The remuneration for the 6MFY2009 is shown as below:

Name of Director	Remuneration Band	Salary	Performance Based Bonuses	Director's Fee	Other Benefits	Total
		%	%	%	%	%
Ng Joo Siang	Below S$250,000	100	–	–	–	100
Ng Joo Puay, Frank	Below S$250,000	100	–	–	–	100
The Hong Eng	Below S$250,000	100	–	–	–	100
Ng Joo Kwee	Below S$250,000	66	–	–	34	100
Chan Tak Hei	Below S$250,000	88	–	–	12	100
Bertie Cheng Shao Shiong	Below S$250,000	–	–	100	–	100
Lt-Gen (Ret) Ng Jui Ping	Below S$250,000	–	–	100	–	100

Top 5 Key Executives (who are not directors)

Name of Executive	Band	Salary	Based Bonuses	Director's Fee	Other Benefits	Total
		%	%	%	%	%
Francisco Paniagua	Below S$250,000	100	–	–	–	100
José Miguel Tirado Melgar	Below S$250,000	100	–	–	–	100
Isaac Finger Kogan	Below S$250,000	100	–	–	–	100
Gennady Bredikhin	Below S$250,000	100	–	–	–	100
Pascual Segami	Below S$250,000	100	–	–	–	100

The RC and the Board are of the view that the remuneration of the directors is adequate but not excessive in order to attract, retain and motivate them to run the Company successfully.

The remuneration paid to each of the top five executives per annum (in terms of salary and who are not directors of the Company) was less than S$250,000.

There are no immediate family members of Directors in employment with the Company and whose remuneration exceeds S$150,000 during 6MFY2009 except for Mr Ng Joo Siang (Executive Chairman), Mr Ng Joo Puay, Frank (Managing Director) and Mr Ng Joo Kwee (Executive Director). Mdm Teh Hong Eng is the mother to Ng Joo Siang, Ng Joo Puay Frank and Ng Joo Kwee.

Accountability

Principle 10: Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to shareholders for the management of the Group. The Board updates shareholders on the operations and financial position of the Company through, quarterly, half yearly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The Managements is accountable to the Board by providing the Board with the necessary financial information for the discharge of its duties.

Audit Committee

Principle 11: Establishment of Audit Committee with written terms of reference

The Company has adopted and has complied with the principles of corporate governance under the Code in relation to the roles and responsibilities of the AC. In respect of the composition of the AC, two of the three AC Members are Independent Directors. Mr Chan Tak Hei (Group Financial Controller and Alternate Director) is the other AC Member. The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or management expertise and experience to discharge their responsibilities. With the majority of the AC Members including the Chairman being independent, the AC is able to perform its roles and functions independently. The AC is now in the process of considering a requirement for a third independent director. The AC will provide its inputs to the NC which, as stated earlier, is in the same process of considering a third independent director. If appointed, the third independent director will be appointed as the third member of the AC and Mr Chan will relinquish his appointment in the AC.

Profile of the AC members is set out on pages 14 and 15 (Directors' Profile) of this report. The AC, regulated by a set of written terms of reference, comprises three members, the majority of whom, including its Chairman, are Independent non-executive Directors.

The members of the AC are:

Bertie Cheng Shao Shiong (Chairman)
Lt-Gen (Ret) Ng Jui Ping
Chan Tak Hei

The AC meets at least four times a year and as and when deemed appropriate to carry out its functions.

The AC has full access to and the co-operation of Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The functions of the AC are as follows:

(1) assists our Board in discharging its statutory responsibilities on financial and accounting matters;

(2) reviews the financial and operating results and accounting policies of the Group;

(3) reviews significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcement before submission to the Board for approval;

(4) reviews the adequacy of the Company's internal control (financial and operational) and risk management policies and systems established by the management;

(5) reviews the audit plans and reports of the external and internal auditors and consider the effectiveness of the actions taken by management on the auditors' recommendations;

(6) appraises and report to our Board on the audits undertaken by the external and internal auditors, the adequacy of the disclosure of information, and the appropriateness and quality of the system of management and internal controls;

(7) reviews the independence of external auditors annually and consider the appointment or re-appointment of external auditors and matters relating to the resignation or removal of the auditors and approve the remuneration and terms of engagement of the external auditors; and

(8) reviews interested person transactions, as defined in the Listing Manual of the SGX-ST.

The AC reviews arrangements by which the staff may, in confidence, report possible improprieties, which may cause financial or non-financial loss of the Company. The objective is to ensure that arrangements are in place, for the independent investigation of such concerns and for appropriate follow-up action.

The AC had reviewed the non-audit services provided by the external auditors, Deloitte & Touche LLP and is of the opinion that the provision of such services does not affect their independence.

Annually, the AC meets with the external auditors without the presence of Management. The AC had recommended the re-appointment of Deloitte & Touche LLP at the forthcoming AGM.

Internal Controls

Principle 12: The Board to ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets, AC to review the adequacy of financial, operational and compliance controls and risk management policies

The AC is fully aware of the need to put in place a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risks.

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board. The financial risk management objectives and policies are outlined in the financial statements. Risk Management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also create shareholders' value.

Based on the information provided to the AC, nothing has come to the AC's attention to cause the AC to believe that the system of internal controls and risk management is inadequate.

Internal Audit

Principle 13: Setting up independent internal audit function

The Company has set up an internal audit function, which reports directly to the AC. The internal auditor has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC, on an annual basis, will assess the effectiveness of the IA by examining the scope of the IA work and its independence of areas reviewed and the internal auditor's report. The AC is satisfied that the IA function has adequate resources and appropriate standing within the Company to undertake its activities independently and objectively.

The AC will also meet the internal auditor without the presence of Management, annually.

Communication with Shareholders

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Shareholders' participation at AGM

The Board is accountable to the shareholders and the Company is in regular, effective and fair communication with shareholders. The Company has invested in external & internal resources to ensure timely, fair and detailed disclosure of information is made to the public in compliance with SGX-ST guidelines.

Material information is disseminated to the SGX-ST. The Company has participated in a leading external investor relations program on www.shareinvestor.com where shareholders are encouraged to sign up for regular updates about the Company.

In addition to the communication channels described above, the Company has made quarterly report of its financial results since financial year 2004 in compliance with new disclosure requirements.

All shareholders of the Company receive the Annual Report of the Company and notice of AGM within the mandatory period. Participation of shareholders is encouraged at the Company's general meetings. Each item of special business included in the notices of annual general meeting and special general meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. The Board (including the Chairman of the respective Board Committees), management, as well as the external auditors will attend the Company's AGM to address any question that shareholders may have.

Dealing in Securities

The Company has adopted an internal code on dealings in securities by officers of the Company and its subsidiaries to provide guidance to its officers on dealing in the Company's securities. All directors and officers of the Group who have access to unpublished price sensitive information are required to observe this code and are required to confirm their compliance annually.

The Directors and officers have been informed not to deal in the Company's securities whilst in possession of unpublished price sensitive information and during the periods commencing at least two weeks before the announcement of the Company's full-year results and results for first three quarters.

Interested Person Transactions ("IPTs") and Shareholders' Mandate

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC. The AC reviews the Shareholders' Mandate at regular interval to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The following are details of the aggregate value of interested person transactions for 6MFY2009 undertaken pursuant to the Shareholders' Mandate under Rule 920(2) of the Listing Manual of the SGX-ST and approved by the AC.

Name of Interested Person	Aggregate value (S$'000) of all IPTs 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 IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	1 April 2009 to 28 September 2009 (6 months)	**1 April 2009 to 31 March 2009 (12 months)**	**1 April 2009 to 28 September 2009 (6 months)**	**1 April 2008 to 31 March 2009 (12 months)**
	HK$'000	HK$'000	HK$'000	HK$'000
Pacific Andes International Holdings Limited and its subsidiaries				
Administrative Expenses	–	–	11,602	19,704
Interest Expenses	67	221	–	–

The current Shareholders' Mandate will be expiring on 22 January 2010, being the date of the forthcoming SGM of the Company. The Company is proposing to seek shareholders' approval at a SGM to be held on 22 January 2010 to renew the Shareholders' Mandate pursuant to Chapter 9 of the SGX-ST Listing Manual. IPTs approved by shareholders at the SGM and the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next AGM.

Material Contracts

Save for the service agreements entered with the Executive Directors and the interested person transactions conducted under the Company's Shareholders' Mandate, no material contract involving the interests of any director or controlling shareholders of the Company has been entered into by the Company or any of its subsidiary companies in 6MFY2009.

Risk Management Policies and Processes

The Board has not delegated the oversight responsibility of risk management to a separate committee. However, the Executive Directors and Management regularly review the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management, with the assistance of the internal auditor and external auditor, reviews all significant control policies and procedures and highlights all significant matters to the directors and AC.

INDEPENDENT AUDITORS' REPORT

Deloitte.

TO THE MEMBERS OF PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED
(Formerly known as Pacific Andes (Holdings) Limited)
(incorporated in Bermuda with limited liability)

We have audited the accompanying financial statements of Pacific Andes Resources Development Limited (formerly known as Pacific Andes (Holdings) Limited) (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at 28 September 2009, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and statement of changes in equity of the Company for the six months period ended 28 September 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 101.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 28 September 2009 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the six months period ended 28 September 2009.

Deloitte & Touche LLP
Public Accountants and Certified Public Accountants
Singapore

Tsia Chee Wah
Partner
(Appointed on 30 July 2008)

23 December 2009

CONSOLIDATED INCOME STATEMENT

For the six months period ended 28 September 2009

	NOTES	THE GROUP 1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Revenue	5	3,727,584	7,765,262
Cost of sales		(3,022,162)	(6,253,591)
Gross profit		705,422	1,511,671
Other operating income	7	49,468	115,549
Selling and distribution expenses		(96,062)	(192,629)
Administrative expenses		(88,493)	(148,133)
Other operating expenses		–	(1,180)
Finance costs	8	(169,442)	(417,206)
		400,893	868,072
Share of results of associates	21	724	(731)
Profit before income tax	9	401,617	867,341
Income tax (expense) benefit	11	(21,660)	70,239
Profit for the period/year		379,957	937,580
Profit attributable to:			
Owners of the Company		284,140	664,319
Minority interests		95,817	273,261
		379,957	937,580
Earnings per share			
Basic	12	HK$0.14	HK$0.40
Diluted	12	HK$0.14	HK$0.39

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 28 September 2009

	THE GROUP	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Profit for the period/year	379,957	937,580
Other comprehensive income:		
Exchange difference on translation of the Group's overseas operations	16	69
Gain (loss) on revaluation of property, plant and equipment	9,528	(746)
Other comprehensive income (expense) for the period/year, net of tax	9,544	(677)
Total comprehensive income for the period/year	389,501	936,903
Total comprehensive income attributable to:		
Owners of the company	291,754	663,917
Minority interests	97,747	272,986
	389,501	936,903

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

At 28 September 2009

	NOTES	THE GROUP 28 September 2009 HK$'000	THE GROUP 31 March 2009 HK$'000	THE COMPANY 28 September 2009 HK$'000	THE COMPANY 31 March 2009 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	2,871,988	2,382,080	–	–
Investment properties	15	37,540	15,491	–	–
Goodwill	16	2,705,828	2,688,539	–	–
Deferred charter hire	17	1,404,960	1,490,320	–	–
Available-for-sale investment	18	7,800	–	–	–
Held-to-maturity financial assets	19	–	–	47,385	–
Interests in subsidiaries	20	–	–	4,493,506	3,463,339
Interests in associates	21	12,622	11,898	–	–
Other intangible assets	22	581,399	581,399	–	–
		7,622,137	7,169,727	4,540,891	3,463,339
CURRENT ASSETS					
Inventories	23	372,624	525,564	–	–
Trade receivables	24	1,376,365	1,573,478	–	–
Trade receivables with insurance coverage	25	738	942	–	–
Other receivables and prepayments	26	3,021,033	2,055,232	1,380	190
Current portion of deferred charter hire	17	172,640	172,640	–	–
Prepaid income tax		46,379	73,486	–	–
Bills receivable		29,787	107,168	–	–
Pledged deposits	45	44,532	44,055	–	–
Bank balances and cash	27	173,359	182,298	874	589
		5,237,457	4,734,863	2,254	779
CURRENT LIABILITIES					
Trade and other payables	28	278,558	330,613	20,284	11,209
Income tax payable		16,351	15,215	–	–
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	29	3,111	5,682	–	–
Deferred consideration payable	30	39,839	494,633	–	–
Derivative financial instruments	31	5,640	–	–	–
Bank advances drawn on bills and discounted trade receivables with insurance coverage	32	31,110	112,909	–	–
Current portion of finance leases	33	37,491	36,533	–	–
Current portion of interest-bearing bank borrowings	34	2,461,918	2,173,389	–	14,079
		2,874,018	3,168,974	20,284	25,288
NET CURRENT ASSETS (LIABILITIES)		2,363,439	1,565,889	(18,030)	(24,509)

STATEMENTS OF FINANCIAL POSITION

At 28 September 2009

		THE GROUP		THE COMPANY	
		28 September	31 March	28 September	31 March
	NOTES	2009	2009	2009	2009
		HK$'000	HK$'000	HK$'000	HK$'000
NON-CURRENT LIABILITIES					
Finance leases	33	81,302	100,778	–	–
Interest-bearing bank borrowings	34	411,403	529,070	–	–
Convertible bonds	35	591,666	612,772	591,666	612,772
Senior notes	36	1,661,208	1,707,592	–	–
Deferred tax liabilities	37	226,284	231,353	–	–
		2,971,863	3,181,565	591,666	612,772
NET ASSETS		7,013,713	5,554,051	3,931,195	2,826,058
CAPITAL AND RESERVES					
Share capital	38	705,133	1,331,797	705,133	1,331,797
Reserves	39	5,142,569	3,134,258	3,226,062	1,494,261
Attributable to owners of the Company		5,847,702	4,466,055	3,931,195	2,826,058
Minority interests		1,166,011	1,087,996	–	–
TOTAL EQUITY		7,013,713	5,554,051	3,931,195	2,826,058

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the six months period ended from 1 April 2009 to 28 September 2009

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Warrants reserve (note 39) HK$'000	Revaluation reserve HK$'000	Currency exchange translation reserve HK$'000	Retained earnings HK$'000	Attributable to owners of the Company HK$'000	Minority interests HK$'000	Total HK'000
THE GROUP											
Balance at 1 April 2008	1,286,946	1,165,466	(52,655)	42,226	–	10,393	(2,397)	1,409,732	3,859,711	875,460	4,735,171
Total comprehensive income for the year	–	–	–	–	–	(471)	69	664,319	663,917	272,986	936,903
Decrease in equity portion of convertible bonds on repurchase	–	–	–	(2,516)	–	–	–	–	(2,516)	–	(2,516)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	–	(59,329)	(59,329)
Final dividend of S2.07 cents (HK11.87 cents) per ordinary share in respect of FY2008 (note 13)	44,851	53,144	–	–	–	–	–	(153,052)	(55,057)	–	(55,057)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	(1,121)	(1,121)
Balance at 31 March 2009	1,331,797	1,218,610	(52,655)	39,710	–	9,922	(2,328)	1,920,999	4,466,055	1,087,996	5,554,051
Total comprehensive income for the period	–	–	–	–	–	7,598	16	284,140	291,754	97,747	389,501
Decrease in equity portion on convertible bonds on repurchase	–	–	–	(2,265)	–	–	–	–	(2,265)	–	(2,265)
Capital reduction from S$0.20 to S$0.05	(998,848)	998,848	–	–	–	–	–	–	–	–	–
Issue of shares on rights issue	372,148	579,530	–	–	164,767	–	–	–	1,116,445	–	1,116,445
Issue of shares on exercise of warrants	36	206	–	–	(78)	–	–	–	164	–	164
Share issue expenses	–	(24,451)	–	–	–	–	–	–	(24,451)	–	(24,451)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	(19,732)	(19,732)
Balance at 28 September 2009	705,133	2,772,743	(52,655)	37,445	164,689	17,520	(2,312)	2,205,139	5,847,702	1,166,011	7,013,713

STATEMENTS OF CHANGES IN EQUITY

For the six months period ended from 1 April 2009 to 28 September 2009

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Warrants reserve (note 39) HK$'000	Retained earnings HK$'000	Total HK$'000
THE COMPANY						
Balance at 1 April 2008	1,286,946	1,165,466	42,226	–	283,495	2,778,133
Total comprehensive income for the year	–	–	–	–	105,498	105,498
Decrease in equity portion of convertible bonds on repurchase	–	–	(2,516)	–	–	(2,516)
Final dividend of S2.07 cents (HK11.87 cents) per ordinary shares in respect of FY2008 (note 13)	44,851	53,144	–	–	(153,052)	(55,057)
Balance at 31 March 2009	1,331,797	1,218,610	39,710	–	235,941	2,826,058
Total comprehensive income for the period	–	–	–	–	15,244	15,244
Decrease in equity portion of convertible bonds on repurchase	–	–	(2,265)	–	–	(2,265)
Capital reduction from S$0.20 to S$0.05	(998,848)	998,848	–	–	–	–
Issue of shares in rights issue	372,148	579,530	–	164,767	–	1,116,445
Issue of shares on exercise of warrants	36	206	–	(78)	–	164
Share issue expenses	–	(24,451)	–	–	–	(24,451)
Balance at 28 September 2009	705,133	2,772,743	37,445	164,689	251,185	3,931,195

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 28 September 2009

	THE GROUP	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Operating activities		
Profit before income tax	401,617	867,341
Adjustments for:		
Share of results of associates	(724)	731
Interest expense	169,442	417,206
Interest income	(477)	(305)
Allowance for doubtful trade receivables	–	154
Provision for claims	5,255	20
Amortisation of deferred charter hire	85,360	172,640
Depreciation expense	83,596	118,647
(Gain) loss on revaluation of land and buildings	(1,180)	1,180
Gain on revaluation of investment properties	(4,643)	(2,408)
Loss on disposal of property, plant and equipment	530	4,435
Gain on repurchase of convertible bonds	(12,680)	(20,168)
Gain on purchase of senior notes	(3,919)	–
Fair value changes of derivative financial instruments	5,640	–
Discount on acquisition of additional interest in a subsidiary	–	(105)
Operating cash flows before movements in working capital	727,817	1,559,368
Inventories	152,940	352,152
Trade receivables, other receivables and prepayments	(768,484)	(333,824)
Bills receivable	77,381	(89,134)
Trade and other payables	(48,972)	(88,869)
Cash generated from operations	140,682	1,399,693
Interest paid	(173,339)	(411,352)
Income tax refund (paid)	1,514	(39,879)
Net cash (used in) from operating activities	(31,143)	948,462

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 28 September 2009

	NOTES	THE GROUP 1 April 2009 to 28 September 2009 (6 months) HK$'000	THE GROUP 1 April 2008 to 31 March 2009 (12 months) HK$'000
Investing activities			
Interest received		477	305
Insurance compensation for sunken vessel in Peru		–	14,984
Proceeds from disposal of property, plant and equipment		2,452	7,742
Proceeds from disposal of investment properties		–	3,606
Purchase of property, plant and equipment (note A)		(568,810)	(585,013)
Acquisition of available-for sale investment		(7,800)	–
Payment of deferred consideration		(454,794)	(54,487)
Net cash outflow arising on acquisition of subsidiaries	40	–	(119,569)
Net cash outflow for acquisition of additional interest in a subsidiary		(37,021)	(1,016)
Net cash used in investing activities		(1,065,496)	(733,448)
Financing activities			
Dividend paid	13	–	(55,057)
Dividend paid to minority shareholders		–	(59,329)
Net cash (repaid to) advanced from Pacific Andes International Holdings Limited and its subsidiaries		(2,571)	224
Proceeds from issuing of shares on exercise of warrants		164	–
Net proceeds from issue of shares on rights issue		1,091,994	–
Purchase of senior notes		(47,385)	–
Repurchase of convertible bonds		(24,570)	(21,118)
Bank advances (repaid) drawn on bills and discounted trade receivables with insurance coverage		(81,799)	89,375
Finance leases repaid		(18,518)	(68,262)
Bank borrowings raised		312,000	468,000
Repayment of bank borrowings		(175,891)	(117,764)
Additions (repayments) of trust receipt loans, net		41,085	(455,584)
Increase in pledged deposits		(477)	(43,867)
Net cash from (used in) financing activities		1,094,032	(263,382)
Net decrease in cash and cash equivalents		(2,607)	(48,368)
Cash and cash equivalents at beginning of the period/year		171,094	219,687
Exchange difference arising on consolidation		–	(225)
Cash and cash equivalents at end of the period/year		168,487	171,094

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 28 September 2009

		THE GROUP	
	NOTES	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Being:			
Bank balances and cash	27	173,359	182,298
Bank overdrafts	34	(4,872)	(11,204)
		168,487	171,094

Note A

	NOTES	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Purchase of property, plant and equipment		583,168	699,673
Less: Property, plant and equipment purchased under finance lease arrangement		–	(114,660)
Finance costs capitalised in construction-in-progress	8	(14,358)	–
Cash payments on purchase of property, plant and equipment		568,810	585,013

See accompanying notes to financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 28 September 2009

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 Securities Trading Limited (the "SGX-ST"). Its immediate holding company is Clamford Holding Limited, a company incorporated in the British Virgin Islands. Its intermediate holding company is Pacific Andes International Holding 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 47 and 21 respectively.

Following the special resolution of the Company duly passed by the shareholders at the annual general meeting of the Company held on 30 July 2009, the name of the Company has been changed from Pacific Andes (Holdings) Limited to Pacific Andes Resources Development Limited with effect from 5 August 2009.

During the period, the Company has changed its financial year end date from 31 March to 28 September. Hence, the consolidated financial statements for the current period cover the six months period from 1 April 2009 to 28 September 2009. The corresponding amounts shown for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve month period from 1 April 2008 to 31 March 2009 and therefore may not be comparable with amounts shown for the current period.

These financial statements are presented in Hong Kong dollars consistent with the reporting 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 six months period ended 28 September 2009 were authorised for issue by the Board of Directors on 23 December 2009.

2. Summary of Significant Accounting Policies

BASIS OF ACCOUNTING – The financial statements are 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").

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial period, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2009. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's or Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

FRS 1 – *Presentation of Financial Statements (Revised)*

FRS 1(2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

Amendments to FRS 107 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The amendments to FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current period in accordance with the transitional reliefs offered in these amendments.

2. Summary of Significant Accounting Policies – Continued

FRS 108 – *Operating Segments*

The Group adopted FRS 108 with effect from 1 April 2009. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (FRS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 108, the identification of the Group's reportable segments has not changed (note 6).

The comparatives have been restated to conform to the requirements of FRS 108.

FRS 23 – *Borrowing Costs (Revised)*

FAS 23 (Revised) has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. The option of immediately expensing those borrowing costs will be removed. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

FRS 32 – *Classification of Rights Issues*

During the period, the Group early adopted the Amendment to FRS 32 – Classification of Rights Issues which is effective for the annual periods beginning on or after 1 February 2010.

The amendment addresses the accounting for rights issues (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. The amendment requires that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency are equity instruments, regardless of the currency in which the exercise price is denominated if the entity offers the rights, options, or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

With this adoption, the Group recognised its 1,391,189,163 Rights Shares and Warrants issued on 29 June 2009 as equity instruments rather than derivative liabilities. Accordingly, the Group does not recognise the total fair value gain on the Rights shares and Warrants of HK$42.1 million in the Group's other comprehensive income. Hence, had the Group not early adopted the Amendments to FRS 32, the Group's profit and total comprehensive income for the period would have increased by HK$42.1 million.

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

- Amendment to FRS 39 Financial Instruments: *Recognition and Measurement – Eligible Hedged Items*
- Amendment to FRS 39 *Financial Instruments: Recognition and Measurement* and INT FRS 109 *Reassessment of Embedded Derivatives – Amendments relating to Embedded Derivatives*
- FRS 27 (Revised) *Consolidated and Separate Financial Statements*; and FRS 103 (Revised) *Business Combinations*
- Improvement to Financial Reporting Standards (issued in June 2009)

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

2. Summary of Significant Accounting Policies – Continued

FRS 32 – *Classification of Rights Issues* – Continued

Management anticipates that the adoption of the above FRSs and amendments to FRSs in future periods is not expected to have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 27 (Revised) Consolidated and Separate Financial Statements; and FRS 103 (Revised) Business Combinations

FRS 27 (Revised) is effective for annual periods beginning on or after 1 July 2009. FRS 103 (Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the Group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Similarly, FRS 103 is concerned with accounting for business combination transactions. The changes to the Standard are significant, but their impact can only be determined once the detail of future business combination transactions is known. The amendments to FRS 103 will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 28 (Revised) Investments in Associates

In FRS 28 (Revised), the principle adopted under FRS 27 (Revised) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to FRS 28 (Revised); therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

FRS 28 (Revised) will be adopted for periods beginning on or after 1 July 2009 and will be applied prospectively in accordance with the relevant transitional provisions and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Amendments to FRS 7 Statement of Cash Flows

The amendments (part of Improvements to FRSs issued in June 2009) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in FRS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) will be reclassified from investing to operating activities in the statement of cash flows. The amendments to FRS 7 will be adopted for periods beginning on or after 1 January 2010.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where 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 period/year are included in the consolidated income statement from the effective date of acquisition or 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 on consolidation.

2. Summary of Significant Accounting Policies – Continued

Amendments to FRS 7 Statement of Cash Flows – Continued

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

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.

BUSINESS COMBINATIONS – The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY – When the Group increases its interest in an entity that is already controlled by the Group, goodwill arising on such acquisition represents the difference between the cost of additional interest acquired and the increase in the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. No revaluation surplus or deficit on revaluing all of the identifiable assets, liabilities and contingent liabilities of the subsidiary is recognised in the statement of financial position. The difference between the fair value and the book value of the identifiable assets, liabilities and contingent liabilities attributable to the additional interest acquired is recognised as a reserve movement (other reserve). This difference represents the portion of the revaluation difference that arose since the original acquisition date that is attributable to the Group's increased interest in the subsidiary. On the subsequent disposal of the subsidiary, the reserve is transferred to retained earnings.

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.

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.

2. Summary of Significant Accounting Policies – Continued

REVENUE RECOGNITION – Continued

Shipping and agency service income is recognised when the shipping and agency services are rendered.

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

Rental income from properties under operating leases is recognised on a straight-line basis over the terms of the relevant leases.

RETIREMENT BENEFITS 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.

EMPLOYEE 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.

SHARE BASED PAYMENTS – The Group issues equity-settled share-based payments to certain directors. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

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.

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

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 period/year. Taxable profit differs from profit as reported in the income statement 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 its subsidiaries operate by the end of the reporting date.

Deferred tax is recognised on the 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.

2. Summary of Significant Accounting Policies – Continued

INCOME TAX – Continued

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, 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.

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.

PROPERTY, PLANT AND EQUIPMENT – Leasehold land and buildings held for use in the production or supply of goods or services or 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 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 decrease previously charged to profit or loss. 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 revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued land and land and 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.

Construction in progress is stated at cost which includes all development expenditure and other direct costs. Construction in progress is not depreciated until the relevant assets are ready for their intended use. Cost of completed construction work is transferred to the appropriate category of property, plant and equipment. Any impairment loss is deducted from the carrying amount and charged to profit and loss.

Properties in the course of construction for production, supply or administrative purposes or for the purpose 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.

2. Summary of Significant Accounting Policies – Continued

PROPERTY, PLANT AND EQUIPMENT – Continued

Property, plant and equipment, other than revalued assets, freehold land and construction in progress are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to write off the cost or valuation of assets over their estimated useful lives using the straight-line method on the following basis:

Freehold buildings	33 years
Leasehold land and buildings	25 years upon every revaluation or lease terms, if shorter
Vessels	10 to 17 years
Fishing vessels	10 to 17 years
Fishing nets	4 years
Furniture and fixtures	$3^1/_3$ to 10 years
Office equipment	$2^1/_2$ to 10 years
Motor vehicles	$2^1/_2$ to 20 years
Plant and machinery	$2^1/_2$ 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 used are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales 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 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.

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.

INVESTMENT PROPERTIES – Investment properties are held on a long-term basis for investment potential and income.

Investment properties are stated at periodic valuation on an open market value for existing use basis. Professional valuations are obtained annually. All investment properties are measured at fair value with changes in fair value recognised directly in profit or loss for the period in which they arise.

2. Summary of Significant Accounting Policies – Continued

GOODWILL – Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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 the carrying amount of the unit, 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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on acquisition of an associate is described under 'Associates' below.

DEFERRED CHARTER HIRE – Deferred charter hire represents future charter hire expense for fishing vessels which have been prepaid or contractually agreed to be prepaid. They are amortised and charged to profit or loss as charter hire expense pro-ratably over the period for which the prepayment is made and the benefits are expected to accrue.

Other 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 where they satisfy the definition of an intangible asset and their fair values can be measured reliably. 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 on the same basis as intangible assets acquired separately.

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 invested but is not control or joint control over those policies.

2. Summary of Significant Accounting Policies – Continued

ASSOCIATES – Continued

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. 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.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated income statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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.

DEFERRED EXPENDITURE – 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 the profit or loss immediately.

The Group pays charter hire fees based on fixed rates and variable rates based on contracted percentages of the annual operating profit attributable to the vessels procured by the Arrangers (note 17). As the fixed portions of charter hire cost are payable during the charter hire period regardless of whether the vessels are deployed (save for certain exceptions during the earlier part of the charter hire), the Group expenses fixed charter hire cost on a time-proportionate basis in the income statement and does not include this cost in deferred expenses. Variable charter hire costs are determined when the revenue from the sale of fish and marine products can be determined. Variable charter hire cost is accrued as an expense at the same time when revenue is recognised.

IMPAIRMENT OF 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.

2. Summary of Significant Accounting Policies – Continued

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 be 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 the income statement, 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 the income statement, 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.

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, transaction 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 rate basis for debt instruments.

Financial assets

Cash and cash equivalents

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

Held-to-maturity financial assets

Certain portion of senior notes issued by its subsidiary with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity financial assets. Held-to-maturity financial assets are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available-for-sale investment

Available-for-sale investment is non-derivative financial asset that is either designated or not classified as financial asset at fair value through profit or loss or loans and receivables. Available-for-sale equity investment that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

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 recognised at fair value and subsequently 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.

2. Summary of Significant Accounting Policies – Continued

Financial assets – Continued

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 asset have been affected. For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, they are assessed to be impaired individually and the 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 organisation.

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 receivables where the carrying amount is reduced through the use of an allowance account. When 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.

With the exception of available-for-sale investment, 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.

In respect of available-for-sale equity investment, impairment losses recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

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.

2. Summary of Significant Accounting Policies – Continued

Financial liabilities and equity instruments – Continued

Financial liabilities

Trade and other payables and amounts due to Pacific Andes International Holdings Limited and its subsidiaries 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 above).

Derivative financial liabilities

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk i.e. foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 31.

Derivatives are initially recognised at fair value at the date of the 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 hedging relationship.

A derivative with a positive fair value is recognised as a financial asset, a derivative with a negative fair value is recognised as a financial liability. 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.

Convertible bonds

Convertible bonds are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Derecognition of financial liabilities

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

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.

2. Summary of Significant Accounting Policies – Continued

LEASES – Continued

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.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as 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 these cash flows.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured in equity 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 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 rate 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.

2. Summary of Significant Accounting Policies – Continued

Foreign currency transactions and translation – Continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong 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 classified 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 profit or loss (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 currency exchange translation reserve (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.

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 assumption 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 expense 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 estimates is revised if the revision affects only that period, or in the period of the revision and futures periods if the revision affects both current and futures 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 below.

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 deferred charter hire

As at 28 September 2009, the carrying amount of deferred charter hire (note 17) was HK$1,577,600,000 (31 March 2009: HK$1,662,960,000). The operation of vessels under the operating vessel agreements with the Arrangers (note 17) have been profitable after deducting amortisation of the deferred charter hire over the periods for which the charter hires have been prepaid. Management expects the operations to remain profitable in the foreseeable future and the carrying amount of the deferred charter hire to be recoverable from future operations.

Carrying amount of fishing vessels and fishing permits

The carrying amounts of fishing vessels and fishing permits totalled HK$480,020,000 and HK$578,671,000 respectively, as at 28 September 2009 (31 March 2009: HK$491,164,000 and HK$578,671,000). 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 cost after considering efficiencies that can be achieved when the operations become part of the Group's larger operations.

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

Key sources of estimation uncertainty – Continued

Carrying amount of fishing vessels and fishing permits – Continued

With effect from January 2009, the fishing system in Peru changed from the previous "Olympic" system to "Individual Transferable Quota ("ITQ")" 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 ITQ system and included such consideration in the estimation of the value in use. Based on these evaluations, management is of the view that the carrying amounts of the fishing vessels and fishing permits are realisable through future operations.

Carrying amount of goodwill

Based on management's assessment, management is of the view that the carrying amount of goodwill of HK$2,705,828,000 (31 March 2009: HK$2,688,539,000) is not impaired. Information relating to the carrying amount and management's assessment of goodwill is provided in note 16.

Useful lives of property, plant and equipment

The carrying amount of property, plant and equipment amounting to HK$2,871,988,000 (31 March 2009: HK$2,382,080,000) 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 annual reporting period and determined that the useful lives as stated in note 2 remain appropriate.

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	
	28 September 2009 HK$'000	31 March 2008 HK$'000	28 September 2009 HK$'000	31 March 2008 HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	1,985,511	2,181,609	2,254	779
Available-for-sale investment	7,800	–	–	–
Held-to-maturity financial assets	–	–	47,385	–
	1,993,311	2,181,609	49,639	779
Financial liabilities				
Amortised cost	5,580,036	6,091,656	611,950	638,060
Derivative financial instruments	5,640	–	–	–
	5,585,676	6,091,656	611,950	638,060

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

(b) 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 quality of counterparties and liquidity.

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 United States dollars, Japanese Yen, Singapore dollars, Peruvian Nuevo Soles, Chinese Renminbi, Hong Kong dollars and Euro. The Group enters into forward contracts to mitigate foreign exchange risk exposure.

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				THE COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Japanese Yen	–	–	33	28,988	–	–	–	–
Peruvian Nuevo Soles	45,635	42,435	47,928	149,238	–	–	–	–
Chinese Renminbi	1,124	1,918	11,303	2,790	–	–	–	–
Hong Kong dollars	12,524	15,555	2,275	2,707	3,347	–	28	218
Euro	3,856	8,388	11,196	5,597	–	–	–	–
Singapore dollars	3,108	3	2,630	317	2,705	1	364	132
Danish Krone	63	66	–	–	–	–	–	–
Norweign Krone	38	–	226	–	–	–	–	–
United States dollars	–	–	277	375	–	–	–	–

Foreign currency sensitivity

The following details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rates. 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 major currency (Peruvian Nuevo Soles), weakens or strengthens by 10% against the functional currency of each Group's entity, Group's profit for the period will decrease or increase by HK$229,000 (31 March 2009: decrease or increase by HK$10,680,000), respectively.

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

(b) Financial risk management policies and objectives – Continued

(ii) Interest rate risk management

Interest-earning financial assets comprise bank balances and fixed deposits (notes 27 and 45). 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 convertible bonds (note 35) and senior notes (note 36) and use of finance leases for which rates are fixed at inception of the finance leases (note 33). 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 interest rates for financial instruments 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 period ended 28 September 2009 would decrease/increase by approximately HK$7,153,000 (31 March 2009: decrease/increase by HK$16,578,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(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.

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 no concentration of credit risk except that 51% (31 March 2009: 56%) of the Group's receivables at the end of the reporting period relate to 5 entities (31 March 2009: 5 entities).

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

The carrying amounts of financial assets recorded in the financial statements and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk.

(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.

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

(b) Financial risk management policies and objectives – Continued

(iv) Liquidity risk management – Continued

	Weighted average effective interest rate %	On demand or within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Adjustment HK$'000	Total HK$'000
THE GROUP						
28 September 2009						
Non-interest bearing	–	260,988	–	–	–	260,988
Finance lease liabilities	8.88	40,817	102,359	–	(24,383)	118,793
Variable interest rate instruments	3.56	2,486,676	421,618	–	(47,119)	2,861,175
Fixed interest rate instruments	8.36	269,561	2,797,832	–	(728,313)	2,339,080
		3,058,042	3,321,809	–	(799,815)	5,580,036
31 March 2009						
Non-interest bearing	–	318,298	–	–	–	318,298
Finance lease liabilities	8.15	39,511	126,653	–	(28,853)	137,311
Variable interest rate instruments	3.67	2,826,866	553,053	–	(64,236)	3,315,683
Fixed interest rate instruments	8.28	186,954	2,976,438	–	(843,028)	2,320,364
		3,371,629	3,656,144	–	(936,117)	6,091,656
THE COMPANY						
28 September 2009						
Non-interest bearing	–	20,284	–	–	–	20,284
Fixed interest rate instruments	4.00	23,213	627,581	–	(59,128)	591,666
		43,497	627,581	–	(59,128)	611,950
31 March 2009						
Non-interest bearing	–	11,209	–	–	–	11,209
Variable interest rate instruments	3.94	14,142	–	–	(63)	14,079
Fixed interest rate instruments	4.00	24,617	663,236	–	(75,081)	612,772
		49,968	663,236	–	(75,144)	638,060

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

(b) Financial risk management policies and objectives – Continued

(iv) Liquidity risk management – Continued

Derivative financial liabilities

At 28 September 2009, the undiscounted contractual net cash outflows on foreign exchange forward contracts that settle on a net basis within 9 months from the end of the reporting date were HK$5,640,000. The carrying amount of financial derivatives in the consolidated statement of financial position has been determined by reference to the quoted forward rates and yield curves derived from quoted interest rates at the end of the reporting period.

(v) Other risk management

The Group prepaid HK$2,225 million (31 March 2009: HK$2,225 million) of charter hire fees for 17 (31 March 2009: 17) fishing vessels, the benefits of which are to be realised over 10 to 18 years up to 2025. The Group mitigates the risk relating to obligations of the counterparties in respect of the prepayment arrangements and the vessel operating agreements through the security documents described in note 17.

(vi) 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 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 and yield curves derived from quoted interest 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).

	28 September 2009			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial liabilities at FVTPL				
Derivative financial instruments	–	5,640	–	5,640

There were no transfers between Level 1 and Level 2 in the period.

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

(c) 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 consists of debts, which comprises the borrowings disclosed in notes 33, 34, 35 and 36, bank advances drawn on bills, discounted trade receivables with insurance coverage, cash and cash equivalents and shareholders' equity.

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 debts.

Management also ensures that the Group maintains gearing ratio within a set range to comply with the loan covenants imposed by banks.

The Group's overall strategy remains unchanged since the last reporting date. The Group is in compliance with externally imposed capital requirements for the financial years ended 28 September 2009 and 31 March 2009.

5. Revenue

	THE GROUP	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Sales of frozen seafood	2,014,476	3,837,016
Sales of fishes from fishing activities	1,226,787	2,707,690
Sales of fishmeal and fish oil	443,579	1,113,578
Shipping and agency services	42,742	106,978
	3,727,584	7,765,262

6. Segment Information

The Group has adopted FRS 108 Operating Segments with effect from 1 April 2009. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, in order to allocate resources to segments and to assess their performance. The application of FRS 108 has not resulted in a re-designation for the Group's reportable segments as compared with the primary reportable segments determined in accordance with FRS 14, and has had no impact on the reported results or financial position of the Group.

For management reporting purposes, the Group is organised into two operating divisions, frozen fish supply chain management ("SCM") and fishing. 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. Fishing comprises income from fishing 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, deferred charter hire, property, plant and equipment and intangible assets, net of allowances and provisions. Additions to non-current assets are the total costs incurred during the period/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 of deferred charter hire 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.

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$'000	Fishing HK$'000	Elimination HK$'000	Consolidated HK$'000
28 September 2009				
INCOME STATEMENT				
External sales	2,057,218	1,670,366	–	3,727,584
Intersegmental sales	–	20,681	(20,681)	–
Total revenue	2,057,218	1,691,047	(20,681)	3,727,584
Segment result	190,649	444,783	–	635,432
Unallocated items:				
Administrative expenses				(82,853)
Change in fair value of derivative financial instruments				(5,640)
Rental income from properties and equipment				1,698
Gain on revaluation of land and buildings				1,180
Gain on revaluation of investment properties				4,643
Gain on repurchase of convertible bonds				12,680
Gain on purchase of senior notes				3,919
Finance costs				(169,442)
Taxation				(21,660)
Profit for the period				379,957
STATEMENT OF FINANCIAL POSITION				
Segment assets	4,072,493	8,699,727	–	12,772,220
Unallocated corporate assets				87,374
Consolidated total assets				12,859,594
Segment liabilities	128,072	199,076	–	327,148
Unallocated corporate liabilities				5,518,733
Consolidated total liabilities				5,845,881
OTHER SEGMENT INFORMATION				
Additions to non-current assets	1,530	598,927	–	600,457
Depreciation	16,680	66,916	–	83,596
Amortisation of deferred charter hire	–	85,360	–	85,360
Amoritsation of senior notes issuing expenses	–	4,920	–	4,920

6. Segment Information – Continued

Products and services from which reportable segments derive their revenues – Continued

	Frozen fish SCM HK$'000	Fishing HK$'000	Elimination HK$'000	Consolidated HK$'000
31 March 2009				
INCOME STATEMENT				
External sales	3,943,994	3,821,268	–	7,765,262
Intersegmental sales	–	135,838	(135,838)	–
Total revenue	3,943,994	3,957,106	(135,838)	7,765,262
Segment result	389,833	1,018,198	–	1,408,031
Unallocated items:				
Administrative expenses				(148,133)
Rental income from properties and equipment				3,253
Loss on revaluation of land and buildings				(1,180)
Gain on revaluation of investment properties				2,408
Gain on repurchase of convertible bonds				20,168
Finance costs				(417,206)
Taxation				70,239
Profit for the year				937,580
STATEMENT OF FINANCIAL POSITION				
Segment assets	3,373,452	8,438,706	–	11,812,158
Unallocated corporate assets				92,432
Consolidated total assets				11,904,590
Segment liabilities	626,759	317,078	–	943,837
Unallocated corporate liabilities				5,406,702
Consolidated total liabilities				6,350,539
OTHER SEGMENT INFORMATION				
Additions to non-current assets	4,607	1,019,569	–	1,024,176
Depreciation	33,423	85,224	–	118,647
Amortisation of deferred charter hire	–	172,640	–	172,640
Amortisation of senior notes issuing expenses	–	9,982	–	9,982

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 and repurchase, 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.

6. Segment Information – Continued

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, North America, South America, Europe, and other parts of the world.

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

	Revenue from external customers		**Non-current assets**	
Geographical segments	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Hong Kong and other regions in PRC	2,706,659	5,710,954	1,576,760	1,648,956
North America	53,898	97,781	–	–
South America	–	–	3,717,230	3,282,644
Europe	259,686	794,045	2,296,625	2,179,229
East Asia	548,307	1,048,952	18,900	47,000
Others	159,034	113,530	–	–
	3,727,584	7,765,262	7,609,515	7,157,829

Information about major customers

Customers from Frozen fish SCM segment with revenue more than 10% of the Group's total revenue amounted to approximately HK$392,000,000 (31 March 2009: HK$1,342,228,000).

Customers from Fishing segment with revenue more than 10% of the Group's total revenue amounted to approximately HK$437,775,000 (31 March 2009: HK$1,234,631,000).

7. Other Operating Income

	THE GROUP	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Other operating income comprises:		
Administrative income charged to associates	636	731
Compensation received from suppliers of fish[a]	3,959	81,553
Interest income	477	305
Rental income from properties and equipment	1,698	3,253
Gain on revaluation of investment properties	4,643	2,408
Gain on revaluation of land and buildings	1,180	–
Gain on purchase of senior notes	3,919	–
Gain on repurchase of convertible bonds	12,680	20,168
Foreign exchange gain, net	17,371	–
Discount on acquisition of a subsidiary	–	105
Sundry income	2,905	7,026
	49,468	115,549

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

8. Finance Costs

	THE GROUP	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Interest on deferred consideration payable	3,576	3,534
Amortisation of senior notes issuing expenses	4,920	9,982
Interest on bank overdraft and loans	63,676	174,574
Interest on finance leases	6,140	11,116
Interest on senior notes	80,030	162,337
Interest on convertible bonds	25,391	55,442
Interest on amounts due to PAIH and its subsidiaries (note 29)	67	221
Total finance costs	183,800	417,206
Less: finance costs capitalised in construction-in-progress	(14,358)	–
	169,442	417,206

9. Profit Before Income Tax

Profit before income tax has been arrived at after charging (crediting):

	THE GROUP	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Directors' emoluments:		
– of the Company	3,627	11,354
– of the subsidiaries	1,459	3,142
Contributions to retirement benefit scheme, net of forfeitures	4,658	7,919
Staff costs, excluding directors' emoluments and retirement benefits contributions	30,860	75,281
Crew wages	235,338	433,856
Non-audit fee paid to auditors of the Company	644	948
Amortisation of deferred charter hire (included in cost of sales)	85,360	172,640
Depreciation of property, plant and equipment	83,596	118,647
Gain on revaluation of investment properties	(4,643)	(2,408)
(Gain) loss on revaluation of land and buildings	(1,180)	1,180
Allowance for doubtful trade receivables	–	154
Net foreign exchange (gains) losses	(17,371)	2,144
Cost of inventories included in cost of sales	2,004,671	3,744,493

10. Directors' and Key Management Personnel's Emoluments

Directors' and key management personnel's emoluments

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

	THE GROUP	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Short-term benefits	4,842	14,012
Post-employment benefits	244	484
Total	5,086	14,496

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 of HK$5,086,000 (31 March 2009: HK$14,496,000) is an amount of HK$2,492,000 (31 March 2009: HK$7,687,000) 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.

11. Income Tax (Expense) Benefit

	THE GROUP 1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
The (charge) benefit comprises:		
Profits tax for the period/year		
– Hong Kong	(80)	(597)
– Other jurisdictions	(26,649)	–
	(26,729)	(597)
Over (under) provision in respect of previous years		
– Hong Kong	6	33
– Other jurisdictions	(6)	34,081
	–	34,114
Deferred tax (note 37)	5,069	36,722
	(21,660)	70,239

The income tax expense varied from the amount of income tax expense determined by applying the Hong Kong profits tax rate of 16.5% (31 March 2009: 16.5%) to profit before income tax as a result of the following differences:

	THE GROUP 1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Hong Kong profits tax at statutory rate	(66,267)	(143,111)
Non-taxable items	54,199	162,832
Overprovision in respect of prior years	–	34,114
Effect of different tax rates of subsidiaries operating in other jurisdictions	(9,711)	16,525
Tax effect of share of results of associates	119	(121)
Total Hong Kong profits tax at effective tax rate	(21,660)	70,239

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

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	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Earnings		
Earnings for the purposes of basic earnings per share (profit for the period/year attributable to owners of the Company)	284,140	664,319
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	NA	55,442
Earnings for the purposes of diluted earnings per share	284,140	719,761
Number of shares		
	28 September 2009	31 March 2009
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,084,554,792	1,659,248,279
Effect of dilutive potential ordinary shares:		
Warrants	4,521,357	–
Convertible bonds	NA	180,823,293
Weighted average number of ordinary shares for purposes of diluted earnings per share	2,089,076,149	1,840,071,572

The weighted average number of ordinary shares used in calculation of basic earnings per share as at 31 March 2009 have been adjusted by incorporating the effects of rights issue during the period.

The effect of dilutive potential ordinary shares from convertible bonds is excluded from denominator as it is anti-dilutive for the period.

13. Dividends

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

	THE COMPANY	
	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Final dividend of S2.07 cents (HK11.87 cents) per ordinary share in respect of the previous financial year	–	153,052

Pursuant to the Company's Scrip Dividend Scheme, the Company issued 41,064,513 ordinary shares of S$0.20 (HK$1.09) per ordinary share at an issue price of S$0.44 (HK$2.40) per ordinary share to eligible shareholders in respect of the final dividend of S2.07 cents (HK11.87 cents) for the year ended 31 March 2008. Accordingly, dividend paid in cash for the year ended 31 March 2009 was HK$55,057,000.

In respect of the current period, the Directors proposed that a dividend of S0.60 cents (HK3.40 cents) per ordinary share based on the share capital of 2,782,521,526 ordinary shares totaling HK$93,252,000 be paid. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been indicated as a liability in these financial statements.

14. Property, Plant and Equipment

THE GROUP

	Leasehold land and buildings HK$'000	Freehold land HK$'000	Freehold buildings 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 1 April 2008	82,867	32,790	126,931	204,710	525,444	48,458	12,843	25,868	15,028	847,503	17,438	1,939,880
Arising from acquisition of subsidiaries	–	8,584	32,102	–	56,935	13,229	266	3,330	468	213,503	–	328,417
Additions	–	1,753	6,109	–	40,525	5,323	2,842	1,517	1,831	145,335	494,438	699,673
Reclassification	–	–	–	–	(27,428)	–	–	–	–	–	–	(27,428)
Disposals	–	(285)	(563)	(44,810)	(874)	–	(349)	(93)	(626)	(18,319)	–	(65,919)
Adjustment on asset revaluation	(5,320)	–	–	–	–	–	–	–	–	–	–	(5,320)
Exchange realignment	–	–	–	–	–	–	6	–	–	623	–	629
At 31 March 2009	77,547	42,842	164,579	159,900	594,602	67,010	15,608	30,622	16,701	1,188,645	511,876	2,869,932
Transfer to investment properties	(17,390)	–	–	–	–	–	–	–	–	–	–	(17,390)
Additions	–	–	–	–	7,591	–	93	1,021	–	59,988	514,475	583,168
Reclassification	–	(1,419)	4,953	–	2,210	–	–	–	–	58,602	(64,346)	–
Disposals	–	–	–	–	(1,725)	–	–	(80)	(934)	(1,913)	–	(4,652)
Adjustment on asset revaluation	9,280	–	–	–	–	–	–	–	–	–	–	9,280
Exchange realignment	–	–	–	–	–	–	–	–	–	9	–	9
At 28 September 2009	69,437	41,423	169,532	159,900	602,678	67,010	15,701	31,563	15,767	1,305,331	962,005	3,440,347
Comprising:												
28 September 2009												
At cost	–	41,423	169,532	159,900	602,678	67,010	15,701	31,563	15,767	1,305,331	962,005	3,370,910
At valuation	69,437	–	–	–	–	–	–	–	–	–	–	69,437
	69,437	41,423	169,532	159,900	602,678	67,010	15,701	31,563	15,767	1,305,331	962,005	3,440,347
31 March 2009												
At cost	–	42,842	164,579	159,900	594,602	67,010	15,608	30,622	16,701	1,188,645	511,876	2,792,385
At valuation	77,547	–	–	–	–	–	–	–	–	–	–	77,547
	77,547	42,842	164,579	159,900	594,602	67,010	15,608	30,622	16,701	1,188,645	511,876	2,869,932

14. Property, Plant and Equipment – Continued

	Leasehold land and buildings HK$'000	Freehold land HK$'000	Freehold buildings 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
ACCUMULATED DEPRECIATION												
At 1 April 2008	–	–	5,344	65,207	70,473	18,817	9,650	12,773	11,559	98,294	–	292,117
Arising from acquisition of subsidiaries	–	–	16,892	–	21,466	3,609	149	3,330	304	81,683	–	127,433
Depreciation	3,394	–	2,424	25,001	11,565	18,814	996	1,526	1,444	53,483	–	118,647
Disposals	–	–	(114)	(38,187)	(66)	–	(325)	(2)	(555)	(14,493)	–	(53,742)
Adjustment on asset revaluation	(3,394)	–	–	–	–	–	–	–	–	–	–	(3,394)
Exchange realignment	–	–	–	–	–	–	6	–	–	623	–	629
At 31 March 2009	–	–	24,546	52,021	103,438	41,240	10,476	17,627	12,752	219,590	–	481,690
Depreciation	1,428	–	2,451	12,362	19,603	766	751	1,177	660	44,398	–	83,596
Disposals	–	–	–	–	(383)	–	–	(4)	(893)	(390)	–	(1,670)
Adjustment on asset revaluation	(1,428)	–	–	–	–	–	–	–	–	–	–	(1,428)
Exchange realignment	–	–	–	–	–	–	–	–	–	9	–	9
At 28 September 2009	–	–	26,997	64,383	122,658	42,006	11,227	18,800	12,519	263,607	–	562,197
IMPAIRMENT												
At 1 April 2008, 31 March 2009 and 28 September 2009	–	–	–	–	–	–	–	–	–	6,162	–	6,162
CARRYING AMOUNT												
At 28 September 2009	69,437	41,423	142,535	95,517	480,020	25,004	4,474	12,763	3,248	1,035,562	962,005	2,871,988
At 31 March 2009	77,547	42,842	140,033	107,879	491,164	25,770	5,132	12,995	3,949	962,893	511,876	2,382,080

In 2006, the Group carried out a review of the recoverable amount of its vegetables processing plant and equipment used in the Group's vegetables business segment upon the Group's cessation of cultivation and processing of vegetables to concentrate on the sourcing and distribution of vegetable products. The review led to the recognition of impairment loss of HK$6,162,000 that had been recognised in the income statement in 2006. The recoverable amount of the relevant assets has been determined on the basis of their value in use. Management determined that there has been no change in circumstances since then.

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 leasehold land and buildings situated in Hong Kong and Singapore were revalued by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis at 28 September 2009 and 31 March 2009.

The carrying amounts of the Group's property, plant and equipment includes an amount of HK$356,694,000 (31 March 2009: HK$362,747,000) in respect of assets held under finance leases (note 33).

Certain land and buildings have been pledged to secure mortgage loans of the Group (note 45).

A vessel has been pledged to secure a term loan of the Group (note 45).

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:

	28 September 2009 HK$'000	31 March 2009 HK$'000
Cost	62,576	71,970
Accumulated depreciation	(8,395)	(7,964)
Carrying amount	54,181	64,006

15. Investment Properties

	THE GROUP	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Valuation at beginning of period/year	15,491	16,395
Adjustment on asset revaluation	4,643	2,408
Transfer from property, plant and equipment	17,390	–
Exchange realignment	16	294
Disposals	–	(3,606)
Valuation at end of period/year	37,540	15,491

The investment properties were valued at HK$37,540,000 (31 March 2009: HK$15,491,000) by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis at 28 September 2009 and 31 March 2009.

The carrying value of investment properties shown above comprises:

	THE GROUP	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Investment properties in the PRC under long leases	9,729	8,959
Investment properties in the PRC under medium leases	8,911	6,532
Investment properties in Singapore under long leases	18,900	–
	37,540	15,491

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$258,000 (31 March 2009: HK$704,000). Direct operating expenses arising on the investment properties in the period/year amounted to HK$183,000 (31 March 2009: HK$107,000).

16. Goodwill

	THE GROUP	
	28 September 2009 HK$'000	31 March 2009 HK$'000
At beginning of period/year	2,688,539	2,641,242
Arising on acquisition of subsidiaries (note 40)	–	42,207
Arising on acquisition of additional interests in a subsidiary	17,289	–
Adjustment to goodwill provisionally determined[a]	–	5,090
At end of period/year	2,705,828	2,688,539

[a] During the financial year ended 31 March 2009, the Group completed the valuation of the Peruvian operations acquired during the financial year ended 31 March 2008. The provisional fair values assigned to the net assets acquired decreased by HK$5,090,000 resulting in an increase in goodwill of HK$5,090,000.

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	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Pacific Ocean fishing operations	1,784,700	1,770,899
Peruvian fishing and fishmeal operations	921,128	917,640
	2,705,828	2,688,539

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 December 2009 (31 March 2009: June 2009), the Group engaged an independent financial advisor located in Hong Kong, BMI Appraisal Limited, to determine the value of the Peruvian and Pacific Ocean Fishing Operations as of 28 September 2009 (31 March 2009: 31 March 2009).

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

(i) forecasted projected cash flows up to 2018 (31 March 2009: 2018) and projection of terminal value using the perpetuity method;

(ii) growth rate of 3.3% (31 March 2009: 3.3%); and

(iii) use of 15.5% (31 March 2009: 16.0%) for Pacific Ocean fishing operations and use of 16.5% (31 March 2009: 17.0%) for Peruvian fishing and fishmeal operations to discount the projected cash flows to net present values.

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.

As at 28 September 2009, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

17. Deferred Charter Hire

	THE GROUP	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Total deferred charter hire	2,224,560	2,224,560
Less: Accumulated amortisation	(646,960)	(561,600)
	1,577,600	1,662,960
Included as current assets	(172,640)	(172,640)
Included as non-current assets	1,404,960	1,490,320
Accumulated amortisation:		
At beginning of period/year	561,600	388,960
Amortisation during the period/year	85,360	172,640
At end of period/year	646,960	561,600

Amortised deferred charter hire is charged to cost of sales in the consolidated income statement.

A subsidiary, China Fisheries International Limited ("CFIL"), entered into vessel operating agreements with two companies, Perun Limited ("Perun") and Alatir Limited ("Alatir") (collectively as "Arrangers"), to prepay fixed charter hire for 17 vessels for 10 to 18 years up to 2025. To secure the benefits from the prepayments and to ensure that the counterparties comply with their obligations under the vessel operating agreements, the counterparties executed the following documents in favour of CFIL:

(i) charges of all the issued shares of Perun and Alatir (the "Charges").

(ii) debentures over all the present and future assets of Perun and Alatir (the "Debentures"); and

(iii) entrusted management agreements to vest upon the nominees of CFIL, the management and control of Perun and Alatir in respect of and limited to the performance and obligations of the vessel operating agreements.

If an event of default occurs, CFIL shall, pursuant to the terms of the Charges and Debentures, be entitled to exercise its rights over the security created by those security documents. Such events of default include, among others:

(i) any default by the counterparties in the due performance of any undertaking, condition or obligation on its part to be performed and observed in the vessel operating agreements, the Charges, the Debentures or any other instruments or agreements entered into for the benefit of CFIL; and

(ii) any failure of the counterparties to pay any sum payable from time to time to CFIL on the due date whether in connection with the vessel operating agreements, the Charges, the Debentures or any other security granted in favour of CFIL by each of Perun and Alatir.

18. Available-for-sale Investment

During the period, the Group made a capital contribution of HK$7.8 million in 2.4% unquoted equity interest of a company. The investment is carried at cost as no fair value can be determined. In the opinion of management, no impairment is considered necessary.

19. Held-to-maturity Financial Assets

During the period, the Company has purchased certain portion of the senior notes issued by a subsidiary. The maturity date of the senior notes will be on 13 December 2013 and the details of the terms are set out in note 36. The senior notes being purchased by the Company are carried at amortised cost.

20. Interests in Subsidiaries

	THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Amounts due from subsidiaries	4,493,506	3,463,339

Particulars of the subsidiaries at 28 September 2009 are set out in note 47. The amounts due from subsidiaries are denominated in Hong Kong dollars, unsecured, bear interest at variable rates ranging from 0.30% to 4.42% (31 March 2009: 0.30% to 4.00%) 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 the amounts due from subsidiaries approximate their fair value.

21. Interests in Associates

	THE GROUP	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Share of net assets	12,622	11,898
Comprising:		
Unquoted equity shares, at cost	11,703	11,703
Share of post-acquisition profits	919	195
	12,622	11,898

21. Interests in Associates – Continued

As at 28 September 2009 and 31 March 2009, the Group had interests in the following associates:

Name of entity	Country of incorporation or registration/operation	Percentage of equity interest and voting power held 28 September 2009	31 March 2009	Principal activities
Pacos Trading Limited	Republic of Cyprus/ Worldwide	20%	20%	Trading of frozen fish products and acting as shipping agency
Paco (ET) Limited	Republic of Cyprus/ Worldwide	20%	20%	Trading of frozen fish products
Paco (GT) Limited	Republic of Cyprus/ Worldwide	20%	20%	Trading of frozen fish products
Paco (HT) Limited	Republic of Cyprus/ Worldwide	20%	20%	Trading of frozen fish products
Servicios Pesqueros Chimbote S.A.	Peru	50%	50%	Provision of logistic and services for fishing industry

Except for Servicios Pesqueros Chimbote S.A., all the associates are audited by member firms of Deloitte Touche Tohmatsu, of which Deloitte & Touche LLP, Singapore is a member. Servicios Pesqueros Chimbote S.A. was not audited as the associate is deemed not material.

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

	28 September 2009 HK$'000	31 March 2009 HK$'000
Total assets	35,228	41,055
Total liabilities	(7,218)	(16,665)
Net assets	28,010	24,390
Group's share of associates' net assets	12,622	11,898
Revenue	108,951	123,752
Profit (loss) for the period/year	3,620	(3,655)
Group's share of associates' profit (loss) for the period/year	724	(731)

22. Other Intangible Assets

	THE GROUP		
	Fishing permits HK$'000	Club memberships HK$'000	Total HK$'000
Cost:			
At 1 April 2008	469,931	2,728	472,659
From acquisition of subsidiaries (note 40)	81,312	–	81,312
Reclassification from property, plant and equipment (note 14)	27,428	–	27,428
At 31 March 2009 and 28 September 2009	578,671	2,728	581,399

Fishing permits are granted by the authority in Peru. The fishing permits are attached to fishing vessels and are transferable to other vessels of no bigger capacity should the original vessels become obsolete or sink. For the year ended 31 March 2009, the cost of purchase of a fishing vessel with the attached fishing permit and the cost of acquiring the subsidiary which owns the fishing vessels and attached fishing permits (note 40) are allocated to the respective component of assets acquired on the basis of valuation report dated 10 February 2008, 2 July 2008 and 3 July 2008 prepared by J.R.Z. Adjustadores y Peritos de Seguros S.A.C., an independent third party valuer in Peru.

Management has obtained legal advice that the fishing 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 cost of fishing permits is 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 permits to be recoverable and there is no impairment in value of the fishing permits.

Club memberships have infinite life and are not amortised.

23. Inventories

	THE GROUP	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Inventories at cost consist of the following:		
Fishmeal	33,326	67,676
Frozen seafood	298,373	392,477
Fuel	8,595	4,260
Supplies	28,905	58,485
Others	3,425	2,666
	372,624	525,564

Fishmeal with carrying amounts of HK$28,197,000 (31 March 2009: HK$37,217,000) have been pledged as security for the Group's bank overdrafts and certain loans totalling HK$40,794,000 (31 March 2009: HK$95,430,000) (note 34).

24. Trade Receivables

	THE GROUP 28 September 2009 HK$'000	THE GROUP 31 March 2009 HK$'000
Outside parties	1,325,124	1,543,804
Associates (note 21)	51,241	29,674
	1,376,365	1,573,478

An allowance for estimated irrecoverable amount from the sale of goods to third parties of HK$10,722,000 (31 March 2009: HK$18,471,000) 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$1,376,365,000 (31 March 2009: HK$1,573,478,000), the majority is neither past due nor impaired. The insignificant amount that is past due has not been provided for.

The credit period granted on sale of goods is up to 180 days (31 March 2009: 180 days). No interest is charged on overdue balances.

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

Movement in the allowance for doubtful debts:

	THE GROUP 28 September 2009 HK$'000	THE GROUP 31 March 2009 HK$'000
Balance at beginning of the period/year	18,471	18,317
Increase recognised in consolidated income statement	–	154
Written off against trade receivables during the period	(7,749)	–
Balance at end of the period/year	10,722	18,471

The Group's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP 28 September 2009 HK$'000	THE GROUP 31 March 2009 HK$'000
Euro	1,042	2,967
Hong Kong dollars	738	–
Japanese Yen	–	28,988
Peruvian Nuevo Soles	27	274
	1,807	32,229

25. Trade Receivables With Insurance Coverage

Discounted trade receivables which are covered by credit insurances amounting to HK$738,000 (31 March 2009: HK$942,000) have been assigned to certain banks for trade receivables discounting facilities granted to the Group.

These balances are neither past due nor impaired and are denominated in the functional currencies of the respective entities.

26. Other Receivables and Prepayments

	THE GROUP		THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Arrangers (note 17)	185,047	160,838	–	–
Tax certificate	3,455	3,455	–	–
Other receivables and prepayments	175,683	112,830	1,380	190
Deferred expenditure	255,182	156,173	–	–
Prepayments for fish	2,401,666	1,621,936	–	–
	3,021,033	2,055,232	1,380	190

The balances with Arrangers as at 28 September 2009 and 31 March 2009 represent advances to the Arrangers to pay for fishing tickets as to be able to fish in the Pacific Ocean.

The balances with the Arrangers are stated net of amounts payable to vessel owners in respect of payments made by the vessel owners on behalf of the Group. This offset has been effected on the basis of arrangements amongst members of the Group, the vessel owners and the Arrangers. The balances with Arrangers as at 28 September 2009 also include down payment made for the intended purchase of catcher vessels and other equipment for the Group's South Pacific operations. The amount is interest-free and is covered by the security arrangements as disclosed in note 17.

The other receivables balances are neither past due nor impaired.

The Group's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
United States dollars	73	25	–	–
Chinese Renminbi	8,413	–	–	–
Euro	5,400	230	–	–
Hong Kong dollars	68	273	–	190
Peruvian Nuevo Soles	41,426	145,461	–	–
Norwegian Krone	226	–	–	–
Singapore dollars	2,012	70	–	–
	57,618	146,059	–	190

27. Bank Balances and Cash

	THE GROUP		THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Cash at banks	164,608	179,440	874	589
Cash on hand	8,751	2,858	–	–
	173,359	182,298	874	589

The interest rates on cash placed with financial institutions ranged from nil to 0.25% (31 March 2009: nil to 2.50%) per annum.

The Group and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
United States dollars	204	350	–	–
Chinese Renminbi	2,890	2,790	–	–
Euro	4,754	2,400	–	–
Japanese Yen	33	–	–	–
Hong Kong dollars	1,469	2,434	28	28
Peruvian Nuevo Soles	6,475	3,503	–	–
Singapore dollars	618	247	364	132
	16,443	11,724	392	160

28. Trade and Other Payables

	THE GROUP		THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Trade creditors and accruals	194,907	243,879	9,854	–
Interest payable	66,081	74,419	10,430	11,209
Provision for claims note 43(b)	17,570	12,315	–	–
	278,558	330,613	20,284	11,209

28. Trade and Other Payables – Continued

Movement in provision for claims:

	THE GROUP		THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Balance at beginning of period/year	12,315	12,295	–	–
Additional provision in the period/year	5,255	20	–	–
Balance at end of period/year	17,570	12,315	–	–

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

The average credit period on purchase of goods is 30 days (31 March 2009: 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 Group's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Chinese Renminbi	1,124	1,918	–	–
Euro	3,856	4,052	–	–
Hong Kong dollars	5,252	9,201	3,347	–
Peruvian Nuevo Soles	45,635	42,435	–	–
Singapore dollars	3,108	3	2,705	1
Danish Krone	63	66	–	–
Norwegian Krone	38	–	–	–
	59,076	57,675	6,052	1

29. Amounts Due to Pacific Andes International Holdings Limited and Its Subsidiaries ("PAIH")

The amounts due are unsecured, repayable on demand and bear interest at the funding cost of PAIH (note 46) and its subsidiaries at rates ranging from 2.25% to 2.44% (31 March 2009: 2.55% to 8.00%) per annum.

30. Deferred Consideration Payable

During the year ended 31 March 2009, the Group acquired several subsidiaries for a cash consideration of US$33,576,000 (HK$261,888,000). Included in the consideration is an amount of US$5,108,000 (HK$39,839,000) 31 March 2009: US$10,014,000 (HK$78,113,000) which shall be paid within one year after the date of acquisition. The amount bears interest at 8.323% per annum and is secured by a mortgage over the freehold land and pledge over the plant and machinery installed in the fishmeal processing plants with carrying amounts totaling US$16,981,000 (HK$132,452,000) 31 March 2009: US$17,975,000 (HK$140,205,000) (note 45).

As at 31 March 2009, the balance also included US$53,400,000 (HK$416,520,000) in respect of the acquisition of an additional interest in a subsidiary during the year ended 31 March 2008. The amount has been settled during the period.

31. Derivative Financial Instruments

During the period, the Group has entered into foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk of anticipated sales transactions which are denominated in Japanese Yen. At 28 September 2009, the fair value of the foreign currency forward contracts is HK$5,640,000, which is settled on net basis. The changes in fair value have been charged to profit or loss during the period. The major terms of the foreign currency forward contracts are as follows:

Aggregate principal amount	**Maturity dates**	**Contracted exchange rates**
Sell JPY2,732,200,000	From March 2010 to May 2010	US$1 at JPY90.98 to JPY91.19

32. Bank Advances Drawn on Bills and Discounted Trade Receivables With Insurance Coverage

At the end of the reporting period, bank advances drawn on bills and discounted trade receivables amounting to HK$29,787,000 and HK$1,323,000 (31 March 2009: HK$107,168,000 and HK$5,741,000) are with recourse and bear interest rates at 2.44% to 2.73% and 2.45% to 2.70% (31 March 2009: 2.67% to 3.66% and 3.31%) per annum respectively. The bank advances drawn on bills and discounted trade receivables have maturity periods between October to December 2009 (31 March 2009: April to June 2009).

33. Finance Leases

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Amount payable under finance leases:				
Within one year	40,817	39,511	37,491	36,533
In the second to fifth year inclusive	102,359	126,653	81,302	100,778
Less: Future finance charges	(24,383)	(28,853)	NA	NA
Present value of lease obligations	118,793	137,311	118,793	137,311
Less: Amount due for settlement within 12 months (shown under current liabilities)			(37,491)	(36,533)
Amount due for settlement after 12 months			81,302	100,778

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

All lease obligations are denominated in United States dollars.

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

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

34. Interest-bearing Bank Borrowings

	THE GROUP 28 September 2009 HK$'000	31 March 2009 HK$'000
Interest-bearing bank borrowings comprise:		
Trust receipt loans and short-term bank loans	2,866,410	2,688,825
Mortgage loans	2,039	2,430
Bank overdrafts	4,872	11,204
	2,873,321	2,702,459
Analysed as:		
Secured	276,832	409,860
Unsecured	2,596,489	2,292,599
	2,873,321	2,702,459
Repayable as follows:		
On demand or within one year	2,461,918	2,173,389
In the second year	235,285	235,738
In the third year	176,118	293,332
	2,873,321	2,702,459
Less: Amount due for settlement within one year included under current liabilities	(2,461,918)	(2,173,389)
Amount due after one year	411,403	529,070

Information on securities for the mortgage loans is provided in note 45. The mortgage loans bear interest at 2.25% below the Hong Kong Dollar Prime lending rate in Hong Kong and are repriced on a monthly basis.

Short-term bank borrowings of the Group amounting to HK$40,794,000 (31 March 2009: HK$95,430,000) bear interest at 3 months London Interbank Offer Rate per annum and are secured over the Group's fishmeal (note 45).

Secured term loans of HK$234,000,000 (31 March 2009: HK$312,000,000) and unsecured term loans of HK$117,000,000 (31 March 2009: HK$156,000,000) bear interest rates ranging from 3.27% to 4.30% (31 March 2009: 4.16% to 4.50%) per annum. The secured term loans are secured over a fishing vessel, fixed deposits and shares of an indirect wholly owned subsidiary of the Group.

Borrowings of HK$46,367,000 (31 March 2009: HK$Nil) are unsecured, bear fixed interest rates ranging from 7.08% to 10.00% per annum and repayable quarterly to semi-annually.

The remaining borrowings are unsecured and bear interest at variable rates ranging from 2.04% to 4.30% (31 March 2009: 2.22% to 10.00%) per annum and repriced quarterly to semi-annually.

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.

34. Interest-bearing Bank Borrowings – Continued

The Group's interest-bearing bank borrowings that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Euro	–	4,336
Hong Kong dollars	7,272	6,354
	7,272	10,690

35. Convertible Bonds

The United States dollar denominated unsecured convertible bonds was issued on 18 April 2007. The bonds are convertible into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date at the option of the holders. On issue, the bonds were convertible at S$1.0813 per ordinary share and revised to S$0.6785 per ordinary share effective from 24 July 2009.

If the bonds are not converted, they will be redeemed on 18 April 2012 at 116.04%. Interest of 4% per annum will be paid semi-annually until settlement date.

The net proceeds received from the issue of the convertible bonds have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

	Liability component HK$'000	Equity conversion component HK$'000
Balance as at 1 April 2008	622,199	42,226
Interest expenses	55,442	–
Interest paid	(26,099)	–
Repurchased	(38,770)	(2,516)
Balance as at 31 March 2009	612,772	39,710
Interest expenses	25,391	–
Interest paid	(11,512)	–
Repurchased	(34,985)	(2,265)
Balance as at 28 September 2009	591,666	37,445

The interest charged for the period/year is calculated by applying an effective interest rate of 8.85% to the liability component for the period since the bonds were issued.

Management estimates the fair value of the liability component of the convertible bonds at 28 September 2009 to be approximately HK$587,255,000 (31 March 2009: HK$527,062,000). This fair value has been calculated by assuming the early redemption option of the Company attached in the convertible bonds using effective interest rate of 10.181% (31 March 2009: 15.711%) per annum with reference to the US Treasury Zero Coupon Bond and holding the credit risk margin constant.

36. Senior Notes

On 19 December 2006, the Group, through its subsidiary, CFG Investment S.A.C., issued guaranteed senior fixed rate notes with aggregate nominal value of US$225,000,000 (HK$1,755,000,000) (the "Notes") which carry fixed interest of 9.25% per annum and will be fully repayable by 19 December 2013.

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

At any time prior to 19 December 2010, the Group 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 (HK$780 million) of outstanding Notes. At any time prior to and up to 19 December 2009, the Group 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 CFG Investment S.A.C., at the redemption price equal to 109.25% of the principal amount of the Notes plus accrued and unpaid interests, if any, as of the redemption date.

The Notes contain certain covenants that limit the China Fishery's ability and the ability of certain subsidiaries 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.

The net carrying amount of the Notes is stated net of issue expenses totalling HK$69,865,000 (US$8,957,000). Such expenses are amortised over the life of the Notes by charging the expenses to the income statement and increasing the net carrying amount of the Notes with the corresponding amount. As of 28 September 2009, accumulated amortisation amounted to HK$27,378,000 (31 March 2009: HK$22,458,000).

Management estimates the fair value of the Notes at 28 September 2009 to be approximately HK$1,868,104,000 (31 March 2009: HK$1,649,860,000). The fair value has been calculated by assuming redemption on 19 December 2013, using effective interest rate of 5.15% to 7.51% (31 March 2009: 10.34% to 12.12%) per annum with reference to the US Treasury Zero Coupon Bonds and holding the credit risk margin constant.

37. Deferred Tax Liabilities

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

	Provisions HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
THE GROUP				
At 1 April 2008	(6,361)	218,585	–	212,224
Arising on acquisition of subsidiaries (note 40)	–	51,178	–	51,178
Arising on adjustment to goodwill provisionally determined (note 16)	–	4,673	–	4,673
Credit to consolidated income statement (note 11)	–	–	(36,722)	(36,722)
At 31 March 2009	(6,361)	274,436	(36,722)	231,353
(Credit) charge to consolidated income statement (note 11)	(13,637)	(26,789)	35,357	(5,069)
At 28 September 2009	(19,998)	247,647	(1,365)	226,284

Subject to agreement by the tax authorities, at 28 September 2009, the Group had unutilised tax losses HK$4,550,000 (31 March 2009: HK$122,407,000) available for offset against future profits. A deferred tax asset had been recognised in respect of HK$4,550,000 (31 March 2009: HK$122,407,000). The Group elected the option for the utilisation of tax losses, which may be carried forward indefinitely subject to availability and the conditions imposed by law including the retention of majority shareholders defined, to be offset at the rate of 50% against profit before tax generated in subsequent financial years.

38. Share Capital

	THE GROUP AND THE COMPANY		
	Number of shares at S$0.20 per share	Number of shares at S$0.05 per share	Amounts S$'000
Authorised:			
At 1 April 2008 and 31 March 2009	2,000,000,000	–	400,000
Effect of capital reduction from S$0.20 to S$0.05	(2,000,000,000)	8,000,000,000	–
At 28 September 2009	–	8,000,000,000	400,000
Issued and fully paid:			
Balance 1 April 2009		1,350,124,650	270,024
Issue of shares as a result of scrip dividend		41,064,513	8,213
At 31 March 2009		1,391,189,163	278,237
Effect of capital reduction from S$0.20 to S$0.05		–	(208,678)
Issue of shares as a result of rights issue		1,391,189,163	69,559
Exercise of warrants		131,800	7
At 28 September 2009		2,782,510,126	139,125

38. Share Capital – Continued

	THE GROUP AND THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000
Issued and fully paid:		
Balance at 1 April 2009	1,331,797	1,286,946
Capital reduction from S$0.20 to S$0.05	(998,848)	–
Issue of shares as a result of rights issue	372,148	–
Exercise of warrants	36	–
Issue of shares as a result of scrip dividend	–	44,851
Balance at 28 September 2009	705,133	1,331,797

Fully paid ordinary shares carry one vote per ordinary share and carry a right to dividends as and when declared by the Company.

During the six months ended 28 September 2009, the Company reorganised its share capital. The reorganisation of share capital involved the following:

(i) the par value of each of the issued share was reduced from S$0.20 each to S$0.05 each;

(ii) the par value of all issued and unissued shares of S$0.20 each in authorised share capital of the Company was reduced from S$0.20 each to S$0.05 each; and

(iii) the authorised share capital of the Company was reorganised from S$400,000,000 divided into 2,000,000,000 shares of S$0.20 each to S$400,000,000 divided into 8,000,000,000 shares of S$0.05 each by the creation of 6,000,000,000 new shares of S$0.05 each.

After the reorganisation of share capital and during the six months ended 28 September 2009, the Company issued 1,391,189,163 new ordinary shares of S$0.05 each at an issue price of S$0.15 per share, with 278,237,699 free detachable warrants, by way of rights on the basis of one new share for each existing share.

During the financial year ended 31 March 2009, 41,064,513 ordinary shares of S$0.20 (HK$1.09) each were issued at an issue price of S$0.44 (HK$2.40) per share by way of scrip dividend.

39. Reserves

Other reserve

The other reserve represents the equity component of convertible debt instruments.

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.

39. Reserves – Continued

Warrants reserve

Warrants reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

	Warrants with subscription price of S$0.23 each		
	Number	S$'000	HK$'000
Balance at date of issue of warrants	278,237,699	63,995	349,584
Exercised during the period	(131,800)	(30)	(164)
Balance at 28 September 2009	278,105,899	63,965	349,420

On 24 July 2009, 278,237,699 free detachable warrants were issued together with the rights issue of the Company. Each warrant entitles the holder to subscribe for one ordinary share of S$0.05 each at the exercise price of S$0.23 per share at any time from the date of issue up to and including 22 July 2011.

Subsequent to the end of the financial period, 18,400 warrants were exercised, resulting in an increase in number of shares from 2,782,510,126 at 28 September 2009 to 2,782,528,526 as at the date of this report.

Revaluation reserve

The 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 reserve 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.

40. Acquisition of Subsidiaries

During the financial year ended 31 March 2009, the Group acquired the following subsidiaries and accounted for these acquisitions using the purchase method of accounting.

31 March 2009

Subsidiaries incorporated in Peru	Date of acquisition
Epesca Pisco S.A.C.[a]	9 April 2008
Pesquera Ofelia S.R.L.[a]	27 May 2008
Pesquera Mistral S.A.C.[a]	12 September 2008

[a] The acquisition of these subsidiaries resulted in inclusion of post-acquisition revenue of approximately HK$28,910,000 and loss after income tax of HK$6,837,000 in the Group's financial statements for the financial year ended 31 March 2009.

It is not practicable to estimate the change in revenue and operating results for the Group had the above acquisitions being effected at the beginning of the financial year as financial statements prior to the acquisitions have not been prepared under International Financial Reporting Standards or Singapore Financial Reporting Standards.

40. Acquisition of Subsidiaries – Continued

The net assets acquired and the goodwill arising are as follows:

	Acquirees' carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
31 March 2009			
Property, plant and equipment (note 14)	205,732	(4,748)	200,984
Fishing permits (note 22)	–	81,312	81,312
Inventories	14,871	–	14,871
Other receivables and prepayments	8,404	–	8,404
Bank balances and cash	9,719	–	9,719
Trade payables	(166)	–	(166)
Other payables and accrued expenses	(20,501)	–	(20,501)
Income tax payable	(156)	–	(156)
Finance leases	(23,608)	–	(23,608)
Deferred tax liabilities (note 37)	(24,976)	(26,202)	(51,178)
	169,319	50,362	219,681
Goodwill arising on acquisitions (note 16)			42,207
Total consideration			261,888
Satisfied by:			
Cash paid			127,254
Deferred consideration			132,600
Expenses in connection with acquisition			2,034
			261,888
Net cash outflow arising on acquisitions:			
Cash paid			127,254
Cash paid for expenses in connection with acquisition			2,034
Cash and cash equivalents acquired			(9,719)
			119,569

The above goodwill arose from the acquisition of the Peruvian operations.

As at 31 March 2009, the Group recognised provisional fair values of net assets acquired during the year. The provisional fair values have been finalised during the period without any changes to the fair values that were provisionally determined.

The provisional fair values for subsidiaries acquired during the financial year ended 31 March 2008 were finalised during the financial year ended 31 March 2009 with the provisional fair values assigned to the net assets acquired decreasing by HK$5,090,000 resulting in an increase in goodwill of HK$5,090,000 (note 16).

41. 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 period was HK$1,698,000 (31 March 2009: HK$3,253,000).

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

	28 September 2009 HK$'000	31 March 2009 HK$'000
Within one year	1,784	536
In second to fifth year inclusive	774	–
	2,558	536

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

The Group as lessee

	28 September 2009 HK$'000	31 March 2009 HK$'000
(a) Minimum lease expenditure under operating leases recognised as an expense in the period/year	274,560	628,865
Comprising:		
Rental of premises	269	709
Amortisation of deferred charter hire (note 17)	85,360	172,640
Variable charter hire	87,281	250,532
Fixed charter hire	101,650	204,984

(b) At the end of the reporting period, the Group had no outstanding commitments under non-cancellable operating leases in respect of rented premises.

(c) At 28 September 2009, the Group has ongoing commitments to pay variable charter hire for 17 (31 March 2009: 17) fishing vessels under the first, second and third vessel operating agreements entered into with Perun and Alatir for a period of 10 to 18 years up to 31 December 2025. Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels before deduction of amortisation of fixed deferred chartered hire which has been prepaid.

(d) As at 28 September 2009, the Group has ongoing commitments to pay fixed and variable charter hire for 6 (31 March 2009: 6) fishing vessels under the fourth vessel operating agreement entered into with Perun up to 31 December 2011. Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels, after deduction of amortisation of fixed charter hire payable annually. Fixed charter hire is calculated at US$12,000 (HK$93,600) 31 March 2009: US$12,000 (HK$93,600) for each vessel per day.

41. Operating Lease Arrangements – Continued

The Group as lessee – Continued

Fixed charter hire payables under the fourth vessel operating agreement are as follows:

	28 September 2009 HK$'000	31 March 2009 HK$'000
Within one year	204,984	204,984
In second to fifth year inclusive	52,790	154,440
	257,774	359,424

42. Commitments

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

	THE GROUP		THE COMPANY	
	28 September 2009 HK$'000	31 March 2009 HK$'000	28 September 2009 HK$'000	31 March 2009 HK$'000
Unsecured guarantees given to bankers in respect of banking facilities utilised by subsidiaries:				
– Secured	–	–	276,832	409,860
– Unsecured	–	–	1,803,344	1,839,217
	–	–	2,080,176	2,249,077

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 and the subsidiaries of an intermediate holding company is secured by land and buildings held by the Group and PAIH.

43. Contingent Liabilities

(a) Feoso (Singapore) Private Limited ("Feoso") has issued a writ of summons against PAIH, two employees (the "Employees") of PAIH and Ever Bright Energy Co. Ltd ("Ever Bright") on 21 June 2005 in relation to a dispute over supply of oil products by Ever Bright to Feoso in November 1999. The amount claimed in the writ approximates US$3,709,000 (approximately HK$28,930,000) plus interest, costs and other ancillary relief. Ever Bright was formerly an indirectly wholly-owned subsidiary of the Company. The Group disposed its interest in the subsidiary on 31 January 2000.

PAIH and the Employees filed a Defence on 2 September 2005. PAIH has, through its solicitors, requested Feoso to put up a security for the Company's legal cost of proceedings in case Feoso's claim fails. Feoso made payment of security of cost to the Court at a total amount of HK$2,000,000 pursuant to the High Court order dated 18 January 2008. The case was heard in the Court in April 2009. On 24 September 2009, Feoso voluntarily discontinued the action completely against PAIH and the Employees and agreed to pay the legal costs incurred by PAIH and the Employees in the amount of HK$775,000.

43. Contingent Liabilities – Continued

(b) Certain subsidiaries of the Group are parties to legal processes in Peru amounting to approximately HK$44,628,000 (31 March 2009: HK$38,703,000). These relate to environmental matters, former employees and miscellaneous claims. The Group's legal advisor has advised that HK$17,570,000 (31 March 2009: HK$12,315,000) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of HK$27,058,000 (31 March 2009: HK$26,388,000) 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$17,570,000 (31 March 2009: HK$12,315,000) 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 the Directors to be pending or threatened against any member of the Group.

44. Capital Commitments

	28 September 2009 HK$'000	31 March 2009 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	97,751	127,021

45. Pledge of Assets

At 28 September 2009, the Group had pledged land and buildings with aggregate net carrying values of approximately HK$23.5 million (31 March 2009: HK$19.0 million) to secure the mortgage loans of the Group granted by certain banks.

Deposits amounting to HK$239,000 (31 March 2009: HK$24,000) comprise customers payments of settlement of discounting export invoices are pledged to a bank to secure an export invoice discounting facility granted to the Group.

Inventories totalling HK$28,197,000 (31 March 2009: HK$37,217,000) of a Peruvian subsidiary are pledged as security for certain short term bank borrowings for that Peruvian subsidiary.

A fishing vessel under construction with net carrying amount of HK$677,040,000 (31 March 2009: HK$392,032,000), fixed deposits of HK$44,293,000 (31 March 2009: HK$44,031,000) and shares of a subsidiary (31 March 2009: shares of a subsidiary) are pledged as securities for a term loan granted to the Group. The pledged fixed deposit bear interest at 0.40% (31 March 2009: 1.42%) per annum.

As disclosed in note 30 to the financial statements, certain plant and machinery installed in fishmeal processing plants and freehold land with carrying amounts totaling US$16,981,000 (HK$132,452,000) 31 March 2009: US$17,975,000 (HK$140,205,000) have been mortgaged and pledged respectively in connection with the deferred consideration payable of US$5,108,000 (HK$39,839,000) 31 March 2009: US$10,014,000 (HK$78,113,000) on acquisition of a subsidiary.

46. Holding Company and Related Company Transactions

(a) During the period/year, the Group carried out significant transactions with the subsidiaries of PAIH as follows:

	1 April 2009 to 28 September 2009 (6 months) HK$'000	1 April 2008 to 31 March 2009 (12 months) HK$'000
Interest expenses paid to PAIH and its subsidiaries note (i)	67	221
Administrative expenses paid to PAIH and its subsidiaries note (ii)	11,062	19,704

Notes:

(i) The interest expenses were calculated monthly at interest rates ranging from 2.25% to 2.44% (31 March 2009: 2.55% to 8.00%) 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.

	28 September 2009 HK$'000	31 March 2009 HK$'000
(b) Bank advances drawn by the Group on discounted trade receivables with insurance coverage of:		
– associates of the Group	1,323	5,741
The above advances are secured by trade receivables of:		
– associates of the Group	1,470	6,379

47. 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
		28 September 2009 %	31 March 2009 %	28 September 2009 %	31 March 2009 %	
Admired Agents Limited (1)	British Virgin Islands/ Worldwide	51.79	51.29	80	80	Agent for procurement of provisions and supplies for the Group
Alliance Capital Enterprises Limited (2)	Hong Kong/PRC	100	100	100	100	Property holding
Alto Real S.A. (3)	Panama	64.74	64.11	100	100	Inactive
Andes Agency Limited (2)	Hong Kong/Worldwide	100	100	100	100	Inactive
CFG Investment S.A.C. (3)	Peru	64.74	64.11	100	100	Investment holding, operation of fishing vessel and sale of fish and marine catches
CFG Investments (Hong Kong) Ltd (1)	Hong Kong	64.74	64.11	100	100	Investment holding
CFG Investments (Shanghai) Ltd (1)(4)	PRC	64.74	–	100	–	Procurement and marketing agent for fishmeal
CFG Peru Investments Pte Limited (1)	Singapore	64.74	64.11	100	100	Investment holding
CFGL (Singapore) Private Limited (1)	Singapore	64.74	64.11	100	100	Property holding
Champion Maritime Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)
Champion Shipping Limited (6)	British Virgin Islands/ Worldwide	100	100	100	100	Vessel holding
Chanery Investment Inc. (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Inactive

47. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 28 September 2009 %	Proportion of ownership interest 31 March 2009 %	Proportion of voting power held 28 September 2009 %	Proportion of voting power held 31 March 2009 %	Principal activities
Chiksano Management Limited [1]	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
China Fisheries International Limited [1]	Samoa/Worldwide	64.74	64.11	100	100	Management and operation of fishing vessels and sale of fish and other marine catches
China Fishery Group Limited [1] [5]	Cayman Islands	64.74	64.11	78.84	78.21	Investment holding
CJSC Invest Group [1] [4]	Russia	64.74	–	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
Corporacion Pesquera Frami S.A.C. [3]	Peru	64.74	64.11	100	100	Operation of fishing vessels
Davis Limited [2]	Hong Kong/PRC	100	100	100	100	Property holding
Emerald Nirwana Sdn Bhd [6]	Malaysia	100	100	100	100	Inactive
Epesca Pisco S.A.C. [3]	Peru	64.74	64.11	100	100	Investment holding, operation of fishmeal plant and fishmeal depot
Excel Concept Limited [1]	British Virgin Islands/ Worldwide	51.79	51.29	80	80	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 [1]	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group

47. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 28 September 2009 %	Proportion of ownership interest 31 March 2009 %	Proportion of voting power held 28 September 2009 %	Proportion of voting power held 31 March 2009 %	Principal activities
Gain Star Management Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	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 (6)	British Virgin Islands/ Worldwide	100	100	100	100	Investment holding
Grenadine Bay Inc. (3)	Panama	64.74	64.11	100	100	Investment holding
Growing Management Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	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 (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)
Inmobiliaria Constructora y PAHK S.A.C. (3)	Peru	64.74	64.11	100	100	Inactive
Inversionista La Candelaria S.A. (3)	Panama	64.74	64.11	100	100	Investment holding
Lions City Investment Inc. (6)	British Virgin Islands	100	100	100	100	Investment holding
LLC Kredo (1) (4)	Russia	64.74	–	100	–	Operation of fishing vessel and sale of fish
Loyal Mark Holdings Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	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	64.74	64.11	100	100	Investment holding

47. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 28 September 2009 %	Proportion of ownership interest 31 March 2009 %	Proportion of voting power held 28 September 2009 %	Proportion of voting power held 31 March 2009 %	Principal activities
Metro Island International Limited (1)	British Virgin Islands	51.79	51.29	80	80	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 (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Natprop Investments Limited (6)	Cook Islands/Worldwide	100	100	100	100	Ship repairing agency
Nidaro International Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)
Nippon Fishery Holdings Limited (1) (7)	British Virgin Islands/ Worldwide	48.55	48.08	75	75	Inactive
New Millennium Group Holdings Limited (6)	British Virgin Islands/ Worldwide	100	100	100	100	Inactive
Ocean Expert International Ltd (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
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	Trading of frozen seafood products
Pacific Andes Vegetables, Inc. (6)	British Virgin Islands/PRC	100	100	100	100	Investment holding

47. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 28 September 2009 %	Proportion of ownership interest 31 March 2009 %	Proportion of voting power held 28 September 2009 %	Proportion of voting power held 31 March 2009 %	Principal activities
Paco Alpha Limited (6)	British Virgin Islands/ Worldwide	100	100	100	100	Vessel holding
Paco Beta Limited (6)	British Virgin Islands/ Worldwide	100	100	100	100	Trading of marine fuel
Paco Gamma Limited (6)	British Virgin Islands/ Worldwide	100	100	100	100	Inactive (Formerly vessel holding)
Paco Sigma Limited (6)	British Virgin Islands/ Worldwide	100	100	100	100	Trading agent
Paco ST (Pte) Limited (6)	Singapore	100	100	100	100	Inactive
Pacos Trading Limited (6)	Cayman Islands/ Worldwide	100	100	100	100	Trading of frozen seafood products
Parkmond Group Limited (2)	British Virgin Islands/ Worldwide	100	100	100	100	Trading of frozen seafood products
Pesquera Bari S.A.C. (3)	Peru	64.74	64.11	100	100	Investment holding
Pesquera Mistral S.A.C. (3)	Peru	64.74	64.11	100	100	Operation of fishing vessel and sale of fish
Pesquera Ofelia S.R.L. (3)	Peru	64.74	64.11	100	100	Operation of fishing vessel and sale of fish
Premium Choice Group Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Management and operation of fishing vessels
Pioneer Logistics Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)
Powertech Engineering (Qingdao) Co. Ltd (7)	PRC	64.74	64.11	100	100	Agent for vessel repair services

47. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 28 September 2009 %	Proportion of ownership interest 31 March 2009 %	Proportion of voting power held 28 September 2009 %	Proportion of voting power held 31 March 2009 %	Principal activities
Protein Trading Limited (1)	Samoa	64.74	64.11	100	100	Procurement and marketing agent for fishmeal
Qingdao Pacific Andes Farm Co. Limited (6)	PRC	100	100	100	100	Inactive
Qingdao New Millennium Food Co., Limited (6)	PRC	100	100	100	100	Inactive
Quality Food (Singapore) Pte. Limited (6)	Singapore	100	100	100	100	Not yet commenced business
Ringston Holdings Ltd (1) (4)	Cyprus	64.74	–	100	–	Investment holding
Sea Capital International Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)
Shine Bright Management Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	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 (1)	Cayman Islands	64.74	64.11	100	100	Investment holding
South Pacific Shipping Agency Ltd (1) (4)	British Virgin Islands	64.74	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Speedy Gain International Limited (1)	Cayman Islands	64.74	64.11	100	100	Investment holding
Super Investment Limited (6)	Cayman Islands	81.93	81.93	96.9	96.9	Investment holding

47. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		28 September 2009 %	31 March 2009 %	28 September 2009 %	31 March 2009 %	
Superb Choice International Limited (1)	British Virgin Islands/ Worldwide	64.74	64.11	100	100	Inactive (formerly an agent for sales of fish and other marine catches of the Group)
Sustainable Pelagic Fishery S.A.C. (3)(4)	Peru	64.74	–	100	–	Operating of fishing vessels
Sustainable Fishing Resources S.A.C. (3)(4)	Peru	64.74	–	100	–	Operating of fishing vessels
Richtown Development Limited (6)	British Virgin Islands/ Hong Kong	100	100	100	100	Investment holding
Well Hope International Limited (6)	British Virgin Islands	100	100	100	100	Inactive
Toyama Holdings Limited (1)(7)	British Virgin Islands/ Worldwide	48.55	48.08	75	75	Inactive
Zhonggang Fisheries Limited (6)	British Virgin Islands	70	70	70	70	Investment holding

(1) Audited by Deloitte & Touche LLP Singapore for sole purpose of inclusion of their financial position and operating results in the consolidated financial statements of the Group.

(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) Incorporated during the financial year.

(5) Listed on the Singapore Exchange Securities Trading Limited in January 2007.

(6) 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.

(7) Nippon Fishery Holdings Limited ("Nippon") and Toyama Holdings Limited ("Toyama") are considered subsidiaries of the Group as the Group has effective control of voting power over 75% of the shares of Nippon and Toyama through China Fisheries International Limited ("CFIL") which owns 75% of the shares of Nippon and Toyama. The Group's effective equity interest in CFIL is 64.74%.

48. Comparative Figures

The financial statements cover the financial period from 1 April 2009 to 28 September 2009. The comparative figures cover the financial year from 1 April 2008 to 31 March 2009. The Group changed its financial year end to 28 September 2009 to be co-terminous with that of its intermediate holding company.

SUPPLEMENTARY INFORMATION

The reporting currency of the Group is in Hong Kong dollars. The Singapore dollars equivalent of the consolidated income statement and statements of financial position of the Group is provided as supplementary information for shareholders and investors in Singapore.

Consolidated Income Statement

	The Group (Unaudited)	
	1 April 2009 to 28 September 2009 (6 months) S$'000	1 April 2008 to 31 March 2009 (12 months) S$'000
Revenue	682,370	1,525,652
Cost of sales	(553,236)	(1,228,652)
Gross profit	129,134	297,000
Other operating income	9,056	22,702
Selling and distribution expenses	(17,585)	(37,846)
Administrative expenses	(16,199)	(29,103)
Other operating expenses	–	(232)
Finance costs	(31,018)	(81,969)
	73,388	170,552
Share of results of associates	133	(144)
Profit before income tax	73,521	170,408
Income tax (expense) benefit	(3,965)	13,800
Profit for the period/year	69,556	184,208

SUPPLEMENTARY INFORMATION

Statements of Financial Position

	The Group (Unaudited) 28 September 2009 S$'000	31 March 2009 S$'000
NON-CURRENT ASSETS		
Property, plant and equipment	525,745	468,011
Investment properties	6,872	3,044
Goodwill	495,328	528,221
Deferred charter hire	257,191	292,805
Available-for-sale investment	1,428	–
Interests in associates	2,311	2,338
Other intangible assets	106,431	114,228
	1,395,306	1,408,647
CURRENT ASSETS		
Inventories	68,212	103,258
Trade receivables	251,957	309,143
Trade receivables with insurance coverage	135	185
Other receivables and prepayments	553,029	403,794
Current portion of deferred charter hire	31,603	33,919
Prepaid income tax	8,490	14,438
Bills receivables	5,453	21,055
Pledged deposits	8,152	8,656
Bank balances and cash	31,735	35,816
	958,766	930,264
CURRENT LIABILITIES		
Trade and other payables	50,993	64,956
Income tax payable	2,993	2,989
Amount due to Pacific Andes International Holdings Limited and its processing subsidiaries	569	1,116
Deferred consideration payable	7,293	97,181
Derivative financial instruments	1,032	–
Bank advances drawn on bills and discounted trade receivables with insurance coverage	5,695	22,183
Current portion of finance leases	6,863	7,178
Current portion of interest-bearing bank borrowings	450,678	427,009
	526,116	622,612
NET CURRENT ASSETS	432,650	307,652

SUPPLEMENTARY INFORMATION

	The Group (Unaudited) 28 September 2009 S$'000	31 March 2009 S$'000
NON-CURRENT LIABILITIES		
Finance leases	14,883	19,800
Interest-bearing bank borrowings	75,311	103,947
Convertible bonds	108,310	120,392
Senior notes	304,100	335,493
Deferred tax liabilities	41,423	45,454
	544,027	625,086
NET ASSETS	1,283,929	1,091,213
CAPITAL AND RESERVES		
Share capital	129,081	261,660
Reserves	941,398	615,793
Attributable to owners of the Company	1,070,479	877,453
Minority interests	213,450	213,760
TOTAL EQUITY	1,283,929	1,091,213

* Exchange rate
28 September 2009 : S$1 = HK$5.4627
31 March 2009 : S$1 = HK$5.0898

SHAREHOLDERS' INFORMATION

As at 11 December 2009

Shareholding, Warrantholding and Bondholding Information

Authorised Share Capital	:	S$400,000,000.00
Issued and fully Paid-up Capital	:	S$139,126,076.30
Number of Ordinary Shares in Issue (excluding treasury shares)	:	2,782,521,526
Number of Treasury Shares held	:	Nil
Class of Shares	:	Ordinary Share of S$0.05 each
Voting rights	:	One vote per share

Statistics of Shareholdings as at 11 December 2009

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1–999	244	2.73	26,462	0.00
1,000–10,000	2,138	23.91	15,126,388	0.54
10,001–1,000,000	6,498	72.68	453,875,093	16.31
1,000,001 AND ABOVE	61	0.68	2,313,493,583	83.15
TOTAL	8,941	100.00	2,782,521,526	100.00

Twenty Largest Shareholders

		NO. OF SHARES	%
1	Clamford Holding Limited	1,639,385,506	58.92
2	HSBC (Singapore) Nominees Pte Ltd	174,542,895	6.27
3	Raffles Nominees (Pte) Ltd	105,681,336	3.80
4	UOB Kay Hian Pte Ltd	64,364,824	2.31
5	Citibank Nominees Singapore Pte Ltd	53,980,263	1.94
6	Kim Eng Securities Pte. Ltd.	47,618,000	1.71
7	DBS Nominees Pte Ltd	38,132,126	1.37
8	Phillip Securities Pte Ltd	28,450,539	1.02
9	OCBC Securities Private Ltd	21,197,506	0.76
10	United Overseas Bank Nominees Pte Ltd	11,595,000	0.42
11	Hong Leong Finance Nominees Pte Ltd	10,506,000	0.38
12	DBS Vickers Securities (Singapore) Pte Ltd	10,093,383	0.36
13	Boey Mun Hoi or Lai Yuet Yuk	7,182,000	0.26
14	Tan Suan Keng	7,000,000	0.25
15	Chan Sek Keong	6,407,000	0.23
16	Mayban Nominees (Singapore) Pte Ltd	5,493,006	0.20
17	Chan Ngon Yue	4,379,000	0.16
18	Chan Yeok Pheng	3,600,000	0.13
19	Citibank Consumer Nominees Pte Ltd	3,211,000	0.12
20	BNP Paribas Nominees Singapore Pte Ltd	3,000,000	0.11
	TOTAL	**2,245,819,384**	**80.72**

SHAREHOLDERS' INFORMATION

As at 11 December 2009

Percentage of Shareholding in Public's Hands

Based on information available to the Company as at 11 December 2009, approximately 34.75% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 11 December 2009)

	Direct Interest	%	Deemed Interest	%
Clamford Holding Limited (1)	1,639,385,506	58.92	171,454,104	6.16
Pacific Andes International Holding Limited (2)	–	–	1,810,839,610	65.08
N.S. Hong Investment (BVI) Limited (3)	–	–	1,810,839,610	65.08

(1) Clamford Holding Limited's ("Clamford") deemed interest comprise of 19,454,104 ordinary shares held in the name of UOB Kay Hian Pte Ltd and 152,000,000 ordinary shares held in the name of HSBC (Singapore) Nominee Pte Ltd.

(2) Pacific Andes International Holdings Limited ("PAIH") is the holding company of Clamford and is deemed to be interested in the shares held by Clamford.

(3) N.S. Hong Investment (BVI) Limited is the holding company of PAIH, which in turn is the holding company of Clamford, and is deemed to be interested in the shares held by Clamford.

Statistics of Warrantholdings as at 11 December 2009

No. of Warrants:	278,237,699
Expiry Date of Warrants:	22 July 2011
No. of Warrants Exercised:	143,200

Each Warrant entitles the holder to subscribe for one ordinary share of S$0.05 each at the exercise price of S$0.23 per share.

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1–999	620	12.47	372,991	0.14
1,000–10,000	3,360	67.61	12,910,950	4.64
10,001–1,000,000	978	19.68	46,635,565	16.77
1,000,001 AND ABOVE	12	0.24	218,174,993	78.45
TOTAL	4,970	100.00	278,094,499	100.00

SHAREHOLDERS' INFORMATION

As at 11 December 2009

Twenty Largest Warrantholders

		NO. OF SHARES	%
1	Clamford Holding Limited	179,138,550	64.42
2	UOB Kay Hian Pte Ltd	13,260,509	4.77
3	Raffles Nominees (Pte) Ltd	7,384,560	2.66
4	Kim Eng Securities Pte. Ltd.	3,449,490	1.24
5	Phillip Securities Pte Ltd	3,107,485	1.12
6	OCBC Securities Private Ltd	3,102,234	1.12
7	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,896,566	0.68
8	HSBC (Singapore) Nominees Pte Ltd	1,889,797	0.68
9	Citibank Nominees Singapore Pte Ltd	1,761,534	0.63
10	Lim & Tan Securities Pte Ltd	1,076,326	0.39
11	CIMB-GK Securities Pte Ltd	1,072,213	0.39
12	DBS Nominees Pte Ltd	1,035,729	0.37
13	Chua Voon Hai	661,600	0.24
14	Chan Sek Keong	640,700	0.23
15	DBS Vickers Securities (Singapore) Pte Ltd	595,314	0.21
16	United Overseas Bank Nominees Pte Ltd	582,000	0.21
17	Boey Mun Hoi or Lai Yuet Yuk	578,200	0.21
18	Ow Sin Chung	520,000	0.19
19	Wong Foo Seng	510,000	0.18
20	Lau Chew Li	500,000	0.18
	TOTAL	**222,762,807**	**80.12**

SHAREHOLDERS' INFORMATION

As at 11 December 2009

Bond Holder of 4% Convertible Bonds Due 2012

Due date 18 April 2012

Conversion price: S$0.6785
Conversion Premium: 25.00%
Redemption Price: 116.04%

The US$93 million 4% convertible bond due 2012 issued by Pacific Andes Resources Development Limited on 18 April 2007 (the "Convertible Bonds") are in global form, and the global certificate is registered in name of HSBC Nominees (Hong Kong) Ltd which is the nominee company of the Common Depository holding the bonds on behalf of the clearing systems i.e. Euroclear and Clearstream.

Conversion period: At any time on or after 29 May 2007 up to the close of business on 8 April 2012 or if such Convertible Bonds shall have been called for redemption before 8 April 2012, then up to the close of business on a date no later than seven (7) business days prior to the date fixed for redemption thereof.

As at 11 December 2009, The HongKong and Shanghai Banking Corporation Limited, the Trustee and Registrar of the Convertible Bonds, is entered in the register of holders as the holder of the Convertible Bonds with a balance of US$74,400,000. The identity of the holders of the beneficial interests in the Convertible Bonds is not currently known.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED ("the Company") will be held at Meeting Room 208-209, Level 2, Suntec Singapore, International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 22 January 2010, at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the period from 1 April 2009 to 28 September 2009 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a first and final dividend of 0.6 Singapore cent per ordinary share (tax not applicable) for the period from 1 April 2009 to 28 September 2009.

(Resolution 2)

3. To re-elect Lt-Gen (Ret) Ng Jui Ping, retiring by rotation pursuant to Bye-law 105 of the Company's Bye-laws.

(Resolution 3)

Lt-Gen (Ret) Ng Jui Ping, will upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. Lt-Gen (Ret) Ng will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$150,000 for the year ending 28 September 2010, to be paid yearly in arrears.

[See Explanatory Note (i)] **(Resolution 4)**

5. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 5)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares**

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) the fifty per centum (50%) limit in sub-paragraph (1) above may be increased to one hundred per centum (100%) for the Company to undertake pro-rata renounceable rights issues;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (a) the conclusion of the next Annual General Meeting of the Company or (b) the date by which the next Annual General Meeting of the Company is required by law to be held, or (c) in reference to sub-paragraph (3) above, 31 December 2010 or such other timeline as the SGX-ST shall extend, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 6)

8. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the SGX-ST**

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that:

(a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws of the Company; and

(b) unless revoked or varied by the Company in general meeting, such authority shall continue in force until (a) the conclusion of the next Annual General Meeting of the Company or (b) the date by which the next Annual General Meeting of the Company is required by law to be held, or (c) 31 December 2010 or such other timeline as the SGX-ST shall extend, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 7)

9. **Authority to issue shares under the Pacific Andes Resources Development Share Option Scheme 2001**

That the Directors be authorised and empowered to issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Pacific Andes Resources Development Share Option Scheme 2001 (the "2001 Scheme") upon the exercise of such options and in accordance with the terms and conditions of the 2001 Scheme established by the Company.

[See Explanatory Note (iv)]

(Resolution 8)

10. **Authority to issue shares under the PARD Share Awards Scheme**

That the Directors be authorised to offer and grant awards in accordance with the provisions of the PARD Share Awards Scheme (the "Share Award Scheme") and to issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Share Award Scheme, provided that the aggregate number of new shares to be issued pursuant to:–

(i) the 2001 Scheme and the Share Award Scheme, shall not exceed ten per centum (10%) of the total issued share capital of the Company from time to time; and

(ii) the 2001 Scheme, the Share Award Scheme and any other share scheme which the Company may have in place, shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time to time.

[See Explanatory Note (v)]

(Resolution 9)

11. **Authority to issue shares under the Pacific Andes Resources Development Limited Scrip Dividend Scheme**

That the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to the Pacific Andes Resources Development Limited Scrip Dividend Scheme from time to time set out in the Circular to Shareholders dated 7 July 2008.

[See Explanatory Note (vi)]

(Resolution 10)

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary

30 December 2009
Singapore

Explanatory Notes:

(i) The proposed Directors' fees of S$150,000 is for the period from 29 September 2009 to 28 September 2010, to be paid yearly in arrears and includes a provision for the appointment of an additional Director. The Directors' fees of S$100,000 approved at the last Annual General Meeting held on 30 July 2009, covering the period 1 April 2009 to 31 March 2010 will be pro-rated accordingly.

(ii) Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues subject to timeline stated below.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

(iii) Ordinary Resolution 7 in item 8 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders' approval is not required for placements of new shares on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed. For the avoidance of doubt, no shares shall be issued below its par value of S$0.05.

(iv) Consequent upon the change of the Company's name to "Pacific Andes Resources Development Limited" on 5 August 2009, the Pacific Andes (Holdings) Share Option Scheme 2001 and the PAH Share Awards Scheme shall be known as the Pacific Andes Resources Development Share Option Scheme 2001 and PARD Share Awards Scheme respectively.

Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, to issue shares in the Company subject to the maximum number of shares prescribed under the terms and conditions of the 2001 Scheme.

(v) Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, to offer and grant awards under the Share Award Scheme in accordance with the provisions of the Share Award Scheme and to issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Share Award Scheme subject to the maximum number of shares prescribed under the terms and conditions of the Share Award Scheme. The aggregate number of ordinary shares which may be issued pursuant to the 2001 Scheme, the Share Award Scheme and any other share scheme is limited to 15% of the total issued share capital of the Company from time to time.

(vi) The Ordinary Resolution 10 proposed in item 11 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the Pacific Andes Resources Development Limited Scrip Dividend Scheme to shareholders who, in respect of a qualifying dividend, have elected to receive shares in lieu of the cash amount of that qualifying dividend .

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) wishes to attend and vote at the Meeting, he must be shown to have Shares entered against his name in the Depository Register, as certified by the CDP, at least forty-eight (48) hours before the time to the Meeting. If he wishes to appoint a proxy to attend the Meeting, he must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street #08-01, Samsung Hub, Singapore 049483 at least forty-eight (48) hours before the time of the Meeting.

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