



Oceanus Group Limited

31 Harrison Road

#11-03/04 Food Empire Building

Singapore 369 649

Tel: +65 6285 0500

Fax: +65 6280 0822

(Incorporated in the Republic of Singapore under Registration Number: 199805793D)

ADJUSTMENTS AND RECLASSIFICATIONS TO THE UNAUDITED FIGURES IN THE FULL YEAR RESULTS ANNOUNCEMENT AND CLARIFICATIONS ON THE FULL RESULTS ANNOUNCEMENT

The Board of Directors of Oceanus Group Limited (the “**Group**”) refers to the audited financial statements for the financial year ended 31 December 2015 in the Group’s Annual Report 2015 (the “**Audited Financial Statements**”) and the announcement on the unaudited financial statements for the financial year ended 31 December 2015 on 29 February 2016 (the “**Full Year Unaudited Results Announcement**”)

Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, the board wishes to inform that there are deviations to the unaudited results after the completion of the financial statement audit.

The main causes of the variances between the announced unaudited results and the audited results are due to adjustments in fair values of the following two areas:

- (1) Property, plant and equipment;
- (2) Convertible loan

The valuation reports of the above items were issued after 29 February 2016 or after the announcement of the full year unaudited results.

The adjustments and reclassifications resulted in a decrease of RMB258 million to the net assets of the Group as at 31 December 2015 and a reduction of RMB39 million to the Group’s loss for the year for the financial year ended 31 December 2015, each as compared to the respective preliminary results disclosed in the preliminary FY2015 results announcement. Further details on the adjustments and reclassifications are set out in the tables as shown below.

A comparison of audited results and unaudited for the financial year ended 31 December 2015 is set as below:

CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Audited	Unaudited	Difference		Note
	Results	Results	RMB'000	%	
	RMB'000	RMB'000			
Sales of aquaculture products	<u>4,844</u>	<u>5,554</u>	(710)	-13%	PL1
(Loss)/Gain arising from changes in fair value					
less cost to sell of biological assets	5,155	6,056	(901)	-15%	PL2
Sales of processed marine products	4,844	1,795	3,049	170%	PL3
Other operating income	20,830	2,699	18,131	672%	PL4
Changes in inventories	(3,759)	(1,483)	(2,276)	-153%	PL5
Feed used	(2,017)	(1,003)	(1,014)	-101%	
Electricity, fuel and water	(2,054)	(2,303)	249	11%	
Staff costs	(11,274)	(11,163)	(111)	-1%	
Foreign currency gain/(loss)		(6,876)	6,876	100%	
Provision of redemption premium		(23,623)	23,623	100%	
Other operating expenses	(14,971)	(10,137)	(4,834)	-48%	PL6
Depreciation	(18,530)	(61,824)	43,294	70%	PL7
Reversal/(Impairment) loss on property, plant and equipment	(44,335)	-	(44,335)	100%	PL8
Impairment loss on prepaid lease	(1,492)	-	(1,492)	100%	PL9
Finance cost	(34,949)	(28,773)	(6,176)	-21%	PL10
Profit before tax	<u>(102,552)</u>	<u>(136,635)</u>			
Income tax	1,890	-	1,890	100%	PL11
Profit after tax	<u>(100,662)</u>	<u>(136,635)</u>	35,973	-26%	
Discontinued operations	3,422	63	3,359	5332%	PL12
	<u>(97,240)</u>	<u>(136,572)</u>			

Explanatory Notes – Income Statement

A) Adjustments to arising upon completion of valuation report

PL2. Changes in fair value less cost to sell of biological assets were due to adjustments according to valuation report.

PL8. Impairment loss on property, plant and equipment amounting to RMB44.3 m was provided based on the fair value less cost to sale valued by an independent valuer.

PL9. Impairment loss on prepaid leases amounting to RMB1.5 m was provided on the fair value less cost to sale valued by an independent valuer.

PL10. An additional RMB6.2 m of notional interest on convertible loan to be accrued at year end.

B) Reclassification

PL3. Reclassification of processed marine products to aquaculture products

C) Other adjustments

PL1. Adjustment of sales due to RMB0.7 m reported in management account.

PL4. An amount of RMB18 m for foreign currency gain was recognised by Oceanus Food Group (HK) arising from the revaluation of SGD denominated intercompany payables at year end rate under other operating income.

PL5. Changes in inventories were due to adjustments according to valuation report.

PL6. Increase is mainly due to RMB4.4 m impairment loss on other receivables for Oceanus(China) Aquaculture Co Ltd, as non-trade debts are unlikely to be repaid by the debtors

PL7. Significant decreases by RMB43.3 m is mainly due to the accumulated impairment loss on property, plant and equipment of RMB305 m not reflected in the PPE register maintained by the management for the computation of FY 2015 on depreciation charged.

PL11. A reversal of deferred tax liabilities of RMB1.9 m arising from the fair value on the derivative financial liabilities.

PL12. Discontinued Operation's profit increased by RMB3.4 m due to written-off on trade payables due to the previous management who was no longer with the Group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Audited Results	Unaudited Results	Difference	Note
	RMB'000	RMB'000	RMB'000	Note
ASSETS				
Current Assets				
Cash and bank balances	2,209	2,225	(16)	
Trade receivables	74	73	1	
Other receivables	4,685	14,656	(9,971)	BS1
Inventories	110	110	-	
Biological assets	2,418	2,418	-	
Total current assets	9,496	19,482		
Non-current assets				
Property, plant and equipment	197,657	375,130	(177,473)	BS2
Prepaid lease	6,007	10,224	(4,217)	BS3
Total non-current assets	203,664	385,354		
Total assets	213,160	404,836		
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	10,662	10,992	(330)	
Other payables	91,781	74,256	17,525	BS4
Current tax payable	23,948	23,948	-	
Loans and borrowings	4,093	2,816	1,277	BS5
Convertible loan	295,312	257,586	37,726	BS6
Derivative liabilities	141,117	139,246	1,871	BS6
Total current liabilities	566,913	508,844		
Non-current liabilities				
Convertible loan	-	28,007	(28,007)	BS6
Derivative liabilities	-	1,844	(1,844)	BS6
Loans and borrowings	44,010	-		BS5
Deferred taxes	-	5,747	(5,747)	BS7
Total non-current liabilities	44,010	35,598		
Total liabilities	610,923	544,442		
Capital and reserves				
Share capital	2,413,255	2,413,255	-	
Capital reserve	(1,137,504)	(1,137,504)	-	
Statutory reserve	39,262	39,262	-	
Currency translation reserve	29,805	62,778	(32,973)	BS8
Warrant reserve	101,651	162,066	(60,415)	BS9
Accumulated (losses)/profits	-	-	-	
Accumulated (losses)/profits b/f	(1,746,992)	(1,542,891)	(204,101)	BS10
Current period (losses)/profits	(97,240)	(136,572)	39,332	BS11
Total equity	(397,763)	(139,606)	(258,157)	
Total liabilities and equity	213,160	404,836		

Explanatory Notes – Statement of Financial Position

A) Adjustments to arising upon completion of valuation report

BS2. The decrease of net book value of property, plant and equipment is due to prior year impairment loss of RMB176.4 m not taken up in the management accounts.

B) Other adjustments

BS1. The decrease of other receivables is due to the impairment loss on the other receivables of RMB 4.4 m and reclassification adjustment from other payables.

BS2. The decrease of net book value of property, plant and equipment is due to prior year impairment loss of RMB176.4 m not taken up in the management accounts.

BS3. Due to the impairment loss provided in the current year and impairment loss brought forward from prior years of 1.5 m and RMB2.7 m, respectively, it had resulted a decrease of the carrying value of prepaid leases amounting to RMB4.2 m

BS4. The increase of RMB17.5 m in other payables is due to accrual of social security insurance in FY 2015 amounted to RMB11.6 m and current year professional fees incurred by the ultimate holding company, Oceanus Group Limited, amounting to RMB7 m.

BS5. Management did not assess the allocation of the carrying amounts of loans and borrowings from a third party and shareholders to the debt and equity components based on their relative fair values at the inception. The related accounting entries passed previously were reversed accordingly.

BS6. Reclassification of the entire derivative liabilities to current liabilities.

BS7. Deferred tax liabilities have been reversed in FY 2015 audited financial statements.

BS8. Changes arose from the transaction rate versus year end rate adjusting for the above mentioned audit adjustments.

BS9. Management did not estimate the fair value of the new convertible bonds upon the de-recognition of the original convertible bonds, the fair value of warrants issued to holders of the new convertible bonds, and the allocation of the carrying amount of the new convertible bonds to the liability and equity components upon initial recognition, following the extinguishment of the original convertible bonds. The related accounting entries passed previously were reversed accordingly.

BS10. Adjustment for retained earnings brought forward in order to tie back to FY 2014 audited financial statements.

BS11. Reversal of loss on redemption premium of RMB23.6 m and over provided depreciation of RMB44.3 m.

3. Material adjustment to cash flow statement in the Full Year Results Announcement:

Adjustments stated above have not materially affected the way the cash flow statement presented.

BY ORDER OF THE BOARD

Peter Koh Heng Kang
Executive Director and Chief Executive Officer
3 May 2017