



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)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2017 OF OCEANUS GROUP LIMITED (“OCEANUS”) AND ITS SUBSIDIARIES (COLLECTIVELY KNOWN AS THE “OCEANUS GROUP”)

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

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

	3 months ended		Favourable /(Adverse) %	6 months ended		Favourable /(Adverse) %
	30/6/2017 RMB'000	30/6/2016 RMB'000		30/6/2017 RMB'000	30/6/2016 RMB'000	
Sales of :-						
Live marine products	2,479	269	>100%	9,394	5,175	82%
Processed marine products	37	-	100%	304	410	(26%)
Consultancy	206	-	100%	206	-	100%
Revenue	2,722	269	>100%	9,904	5,585	77%
Feed used	(137)	-	(>100%)	(212)	(88)	(>100%)
Electricity, fuel and water	(464)	(33)	(>100%)	(912)	(276)	(>100%)
Staff costs	(802)	(393)	(>100%)	(1,909)	(1,198)	(59%)
Cost of sales	(23)	-	(>100%)	(261)	(606)	57%
Total Cost of sales	(1,426)	(426)	(>100%)	(3,294)	(2,168)	(52%)
Gross Profit	1,296	(157)	>100%	6,610	3,417	93%
Other operating income	12,039	595	>100%	24,036	849	>100%
Staff costs	(1,035)	(1,120)	8%	(2,051)	(2,238)	8%
Other operating expenses	(3,306)	(3,618)	9%	(7,615)	(5,340)	(43%)
Gain arising from changes in fair value	(2,479)	(269)	(>100%)	(9,394)	(5,175)	(82%)
less cost to sell of biological assets	(5,266)	269	(>100%)	3,662	2,871	28%
Profit/(Loss) for the year from discontinued operations	(18,723)	(762)	(>100%)	(14,973)	(759)	(>100%)
Adjusted EBITDA (excl. Foreign exchange gain or loss)	(17,474)	(5,062)	(>100%)	275	(6,375)	104%
Foreign exchange gain/(loss)	(40,649)	(13,962)	NM	4,895	1,428	NM
EBITDA	(58,123)	(19,024)	(>100%)	5,170	(4,947)	>100%
Depreciation	(11,422)	(14,265)	20%	(25,387)	(28,625)	11%
Finance costs	(14,728)	(15,327)	4%	(29,252)	(29,182)	0%
Profit/(Loss) before income tax	(84,273)	(48,616)	(73%)	(49,469)	(62,754)	21%
Income tax	-	-		-	-	0%
Profit/(Loss) for the period	(84,273)	(48,616)	(73%)	(49,469)	(62,754)	21%

Profit/(Loss) for the period is arrived at after charging / (crediting) the following items:

	3 months ended		Favourable / (Adverse) %	6 months ended		Favourable / (Adverse) %
	30/6/2017 RMB'000	30/6/2016 RMB'000		30/6/2017 RMB'000	30/6/2016 RMB'000	
<u>Continuing operations</u>						
Interest income	-	(1)	(100%)	-	(1)	(100%)
Interest expense						
(i) Coupon rate 5%	3,875	5,721	32%	7,723	10,102	24%
(ii) Notional interest	10,067	8,940	(13%)	20,062	17,742	(13%)
(iii) Loan interest	-	-		-	-	
(iv) Withholding tax	684	669	(2%)	1,363	1,342	(2%)
(v) Others	-	-		-	-	
Depreciation of property, plant and equipment	11,422	14,265	20%	25,387	28,625	11%
Amortisation of prepaid leases	122	123	1%	245	246	0%
Gain on disposal of property, plant and equipment	-	-		-	-	
Operating lease expenses	121	143	15%	255	292	13%
Foreign exchange (gain)/loss	40,649	13,962	NM	(4,895)	(1,428)	NM
<u>Discontinued operations</u>						
Foreign exchange (gain)/loss	18,596	846	NM	14,684	844	NM

NM: Not meaningful

(b) A Statement of Comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>30/6/2017</u>	<u>30/6/2016</u>	<u>30/6/2017</u>	<u>30/6/2016</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Profit/(Loss) for the period	(84,273)	(48,616)	(49,469)	(62,754)
Other comprehensive income				
Ex change differences on translation of foreign operations	<u>52,451</u>	<u>(2,076)</u>	<u>(1,440)</u>	<u>(38,522)</u>
Total comprehensive income for the period	<u>(31,822)</u>	<u>(50,692)</u>	<u>(50,909)</u>	<u>(101,276)</u>
Attributable to:				
Equity holders of the Company	<u>(31,822)</u>	<u>(50,692)</u>	<u>(50,909)</u>	<u>(101,276)</u>

1 (c)(i) A balance sheet (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	86,527	7,181	68,626	3,170
Trade receivables	234	14	-	-
Other receivables	11,582	(2,761)	11,049	20,412
Inventories	150	72	-	-
Biological assets	2,951	8,529	-	-
	<u>101,444</u>	<u>13,035</u>	<u>79,675</u>	<u>23,582</u>
<u>Non-current assets</u>				
Property, plant and equipment	79,158	141,776	-	-
Prepaid leases	5,932	7,011	-	-
Investment in subsidiaries	-	-	175,488	262,129
	<u>85,090</u>	<u>148,787</u>	<u>175,488</u>	<u>262,129</u>
Total assets	<u>186,534</u>	<u>161,822</u>	<u>255,163</u>	<u>285,711</u>
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Trade payables	3,735	3,592	-	-
Other payables	132,735	107,518	158,493	81,434
Loans and borrowings	-	-	-	-
Current tax payable	23,948	23,948	-	-
Convertible loan	333,307	286,032	333,307	286,032
Derivative liabilities	149,387	170,700	149,387	170,700
	<u>643,112</u>	<u>591,790</u>	<u>641,187</u>	<u>538,166</u>
<u>Non-current liabilities</u>				
Convertible loan	3,674	34,582	3,674	34,582
Loans and borrowings	55,576	8,393	55,576	8,393
Derivative liabilities	1,971	1,922	1,971	1,922
Deferred tax liabilities	-	2,014	-	2,014
	<u>61,221</u>	<u>46,911</u>	<u>61,221</u>	<u>46,911</u>
Total liabilities	<u>704,333</u>	<u>638,701</u>	<u>702,408</u>	<u>585,077</u>
<u>Capital and reserves</u>				
Share capital	2,416,284	2,413,255	2,416,284	2,413,255
Capital reserve	(1,137,505)	(1,137,504)	11,229	11,229
Currency translation reserve	(6,468)	27,417	(13,292)	5,422
Warrant reserve	101,651	162,066	101,651	162,066
Statutory reserve	39,262	39,262	-	-
Accumulated losses	(1,931,023)	(1,981,375)	(2,963,117)	(2,891,338)
Equity attributable to equity holders of the Company	<u>(517,799)</u>	<u>(476,879)</u>	<u>(447,245)</u>	<u>(299,366)</u>
Total liabilities and equity	<u>186,534</u>	<u>161,822</u>	<u>255,163</u>	<u>285,711</u>

1(c)(ii) Aggregate amount of the Group's borrowings and debt securities.

	Group			
	30/6/2017		31/12/2016	
	RMB'000	RMB'000	RMB'000	RMB'000
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount payable in one year or less, or demand	-	-	-	-
Amount repayable in one year or less	333,307	-	286,032	-
Amount repayable after one year	3,674	55,576	34,582	8,393
	<u>336,981</u>	<u>55,576</u>	<u>320,614</u>	<u>8,393</u>

Details of any collateral

Secured loans

The loans amounting to approximately RMB320 million mainly relates to a restructuring exercise which was completed on 2 September 2015. The convertible loans are secured by the creation of charges over specify Company assets. (Kindly refer to Company's circular dated 6 May 2015) for more details of these security charges.

The Company has on 3 September 2015 issued an aggregate of 2,971,069,187 Restructuring Warrants and 647,237,779 New Warrants and on 26 October 2015, issued a further 107,692,308 New Warrants.

The restructured convertible loan ("**RCL**") was classified as current liabilities and had expired on 31 December 2016.

Notwithstanding the expiry date of 31 December 2016, the Company had announced on 8th September 2016 that it had entered into a binding term sheet with two of three key creditors, in relation to a propose debt restructuring of the **RCL**. In the term sheet, these two key creditors have also agreed to extend the expiry date of the **RCL** to 31 December 2018. In addition, they have also agreed that interest will cease to accrue on and from 1 July 2016, upon completion of the proposed restructuring exercise. On 25 January 2017, all the 3 creditors come to an agreement to extend the expiry date of the **RCL** to 31 December 2018 and interest will cease to accrue on and from 1 July 2016 (Kindly refer to Company's announcement on 25 January 2017 for more details)

The convertible loan arising from new warrants issued to the Company's third key creditor was classified as non-current as the loan has a term of five (5) years commencing from the 1st drawdown date of 3 September 2015.

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

	Group			
	3 months ended		6 months ended	
	30/6/2017 RMB'000	30/6/2016 RMB'000	30/6/2017 RMB'000	30/6/2016 RMB'000
Cash Flows from Operating Activities				
Loss before income tax	(84,273)	(48,616)	(49,469)	(62,754)
Adjustments for:	-	-	-	-
Gain (loss) arising from changes in fair value less cost to sell of biological assets	5,266	(155)	(3,662)	(2,757)
Depreciation of property, plant and equipment	11,422	14,265	25,387	28,625
Amortisation of prepaid leases	121	123	245	246
Interest income	-	-	-	(1)
Interest expense	14,730	15,329	29,252	29,184
Net foreign exchange difference	3,110	16,816	(20,054)	1,424
Operating cash flows before working capital changes	(49,624)	(2,238)	(18,301)	(6,033)
Trade receivables	(64,996)	-	(65,012)	65
Other receivables	58,296	(36)	58,055	442
Inventories	131	-	30	38
Biological assets	2,325	155	9,240	5,175
Trade payables	772	522	767	420
Other payables	10,663	3,111	6,148	3,183
Cash used in/(from) operations	(42,433)	1,514	(9,073)	3,290
Interest received	-	-	-	1
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-
Cash flows from/(used in) operating activities	(42,433)	1,514	(9,073)	3,291
Investing activities				
Purchase of property, plant and equipment	-	-	-	-
Proceeds from disposal of property, plant and equipment	84,962	-	84,962	-
Proceeds from disposal of prepaid lease	-	-	-	-
Cash flows from investing activities	84,962	-	84,962	-
Financing activities				
Proceeds from short term loan	(17,468)	-	1,093	-
Issuance of new convertible loan	-	-	-	-
Repayment of loan from investors	5,103	-	-	-
Cash flows from financing activities	(12,365)	-	1,093	-
Net increase (decrease) in cash and cash equivalent	30,164	1,514	76,982	3,291
Cash and cash equivalent at beginning of the period	56,363	3,979	9,545	2,202
Cash and cash equivalents at end of the period	86,527	5,493	86,527	5,493

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	6 months ended	
	30/6/2017 RMB'000	30/6/2016 RMB'000
	Cash and bank balances	86,527

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

	Share capital	Capital reserve	Currency translation reserve	Warrant reserve	Statutory surplus reserve funds	Accumulated losses	Total attributable to equity holders of the Company	Non controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group									
Balance as at 1 January 2016	2,413,255	(1,137,504)	29,805	101,651	39,262	(1,844,232)	(397,763)	-	(397,763)
Issue of new shares	-	-	-	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(62,754)	(62,754)	-	(62,754)
Other comprehensive income									
Foreign currency translation	-	-	(38,522)	-	-	-	(38,522)	-	(38,522)
Total comprehensive income/(loss) for the period	-	-	(38,522)	-	-	(62,754)	(101,276)	-	(101,276)
Balance as at 30 June 2016	2,413,255	(1,137,504)	(8,717)	101,651	39,262	(1,906,986)	(499,039)	-	(499,039)
Balance as at 1 January 2017	2,413,255	(1,137,505)	(5,028)	101,651	39,262	(1,881,554)	(469,919)	-	(469,919)
Issue of new shares	3,029	-	-	-	-	-	3,029	-	3,029
Issue of new warrants	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(49,469)	(49,469)	-	(49,469)
Other comprehensive income									
Foreign currency translation	-	-	(1,440)	-	-	-	(1,440)	-	(1,440)
Total comprehensive income/(loss) for the period	-	-	(1,440)	-	-	(49,469)	(50,909)	-	(50,909)
Balance as at 30 June 2017	2,416,284	(1,137,505)	(6,468)	101,651	39,262	(1,931,023)	(517,799)	-	(517,799)

	<u>Share capital</u>	<u>Capital reserve</u>	<u>Currency translation reserve</u>	<u>Warrant reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>The Company</u>						
Balance as at 1 January 2016	2,413,255	11,229	26,132	101,651	(2,910,597)	(358,330)
Issue of new shares	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-
Loss for the period	-	-	-	-	(32,965)	(32,965)
Other comprehensive income						
Foreign currency translation	-	-	(36,660)	-	-	(36,660)
Total comprehensive income/(loss) for the period	-	-	(36,660)	-	(32,965)	(69,625)
Balance as at 30 June 2016	2,413,255	11,229	(10,528)	101,651	(2,943,562)	(427,955)
Balance as at 1 January 2017	2,413,255	11,229	1,862	101,651	(2,933,460)	(405,463)
Issue of new shares	3,029	-	-	-	-	3,029
Issue of new warrants	-	-	-	-	-	-
Loss for the period	-	-	-	-	(29,657)	(29,657)
Other comprehensive income						
Foreign currency translation	-	-	(15,154)	-	-	(15,154)
Total comprehensive income/(loss) for the period	-	-	(15,154)	-	(29,657)	(44,811)
Balance as at 30 June 2017	2,416,284	11,229	(13,292)	101,651	(2,963,117)	(447,245)

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

As of 30 June 2017, there were 3,678,761,495 outstanding warrants. If all the outstanding warrants were converted to shares, there will be 8,292,852,106 shares issued.

The Company did not have any treasury shares as at 30 June 2017.

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

The total number of issued shares as at 30 June 2017 is 4,614,090,611 shares (31 December 2016: 4,566,852,832 shares).

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

Not applicable.

(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been reviewed or audited by the auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2015.

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

Not applicable.

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

	3 months ended		6 months ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
a) EPS based on weighted average number of shares (RMB cents/ share)	(1.83)	(1.12)	(1.07)	(1.38)
b) EPS based on fully diluted basis (RMB cents/ share)	(1.83)	(1.12)	(1.07)	(1.38)
Weighted average number of shares applicable to earnings per share	4,614,090,611	4,566,852,832	4,614,090,611	4,566,852,832
Weighted average number of shares fully diluted basis	4,614,090,611	4,566,852,832	4,614,090,611	4,566,852,832

Basic earnings per share is calculated by dividing earnings for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares issued during the financial period under review.

The dilutive earning per share is shown as the same amount as the basic earnings per share because the warrants are considered anti dilutive and ignored in the computation of diluted earnings per share.

7. Net asset value (for the Issuer and Group) per ordinary share based on issued share capital excluding treasury shares of the Issuer at the end of the:-
 (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Net asset value per ordinary share based on issued share capital as at end of the period (RMB cents/share)	(11.22)	(10.44)	(9.69)	(6.56)

Net asset value for the Group and the Company as at 30 June 2017 and 31 December 2016 are computed based on 4,614,090,611 (31 Dec 2016 : 4,566,852,832) at the end of the financial period under review.

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

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.

REVIEW OF RESULTS OF OPERATIONS

The Group's 1H 2017 Adjusted EBITDA* is a profit of RMB0.3 million.

In RMB'000	Q2 /2017	Q2 /2016
Net Profit/(Loss)	(49,469)	(62,754)
Add/(deduct)		
Depreciation	25,387	28,625
Interest expense	29,252	29,182
EBITDA	5,170	(4,947)
Foreign exchange (gain)/loss	(4,895)	(1,428)
Adjusted EBITDA	275	(6,375)

*Adjusted EBITDA demonstrates the real operating loss excluding non-cash items e.g. depreciation, amortization, interest expense and unrealized foreign exchange gain or loss etc.

For the second quarter ended 30 June 2017 ("1H 2017"), the Group generated revenue amounting to RMB10 million, a RMB4 million increase from RMB6 million recorded in the corresponding period of the preceding financial year ("1H 2016").

The Group reported a 1H 2017 net loss of RMB50 million compared to a net loss of RMB63 million for 1H 2016.

This is mainly due to:

- (1) RMB4 million additional gross profit in line with higher revenue recorded in 1H 2017
- (2) An increase in other operating income to RMB24 million from RMB0.8 million in the corresponding period last year, mainly relating to the compensation agreements for the disposal of the Group's Gulei farm to the PRC Authority;
- (3) An increase in foreign exchange gain to RMB5 million from RMB1.4 million in the corresponding period last year; partially offset by
- (4) An increase in other operating expenses to RMB8 million in 1H 2017 from RMB5 million in the corresponding period last year.

After deduction of non-cash items such as depreciation, amortisation, interest expense and unrealised exchange gain/loss, the Group derived a positive EBITDA of RMB0.3 million for 1H 2017, a improvement compared to a negative EBITDA of RMB6 million for the same quarter last year.

An analysis of the results by key business segment is as follows:-

China Operations

	3 months ended		Favourable /(Adverse) %	6 months ended		Favourable /(Adverse) %
	30/6/2017	30/6/2016		30/6/2017	30/6/2016	
	RMB'000	RMB'000	RMB'000	RMB'000		
Live marine products	2,479	269	>100%	9,394	5,175	82%
Gain/(Loss) on fair value	(5,266)	269	(>100%)	3,662	2,871	28%
Other operating income	12,015	575	>100%	23,993	726	>100%
Feed used	(137)	-	100%	(212)	(88)	(>100%)
Electricity and fuel	(464)	(33)	(>100%)	(912)	(276)	(>100%)
Staff costs	(802)	(393)	(>100%)	(1,909)	(1,198)	(59%)
Other operating expenses	(2,293)	(474)	(>100%)	(5,518)	(995)	(>100%)
Net Profit/(Loss) Before Depn, Forex & Finance Cost	3,053	(56)	>100%	19,104	1,040	>100%

Sales for live marine products in 1H 2017 amounted to RMB9 million. This represents an increase of 82% from the RMB5 million recorded in the corresponding period last year, lifted by successful spawning achieved during the quarter.

Other operating income increased to RMB24 million in 1H 2017 from RMB0.7 million in 1H 2016 due to a compensation amount from the PRC Authority recognised in 1H 2017 in relation to the Group's Gulei Farms.

Direct production costs (referring to feed used, electricity and fuel and staff costs for 1H 2017 amounted to RMB3 million, a 94% increase from RMB1.6 million during the same period last year due to the employment of temporary staff to support higher business volumes in tandem with the increase in sales activities for the live marine products segment in 1H 2017.

Other operating expenses for the second quarter ended 30 June 2017 amounted to RMB6 million. This is RMB5 million higher than the RMB1 million recorded in same period last year, due to expenses incurred in relation to the Group's successful spawning.

Net profit for the China operations segment increased to RMB19 million in 1H 2017 from RMB1 million, mainly due to a RMB23 million fair value gain on disposal of the Gulei Farms.

GROUP OPERATING ITEMS

Other operating income

Other operating income comprises mainly of discounts received from trade suppliers, scrap sales and rental income earned from the rental of farms to local farmers.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

REVIEW OF BALANCE SHEET

Total assets of the Group increased RMB24 million to RMB186 million as at 30 June 2017 from RMB162 million as at 31 December 2016. The increase is mainly attributed to an increase in cash and bank balances as a result of compensation received from the PRC Authority in relation to the disposal of the Group's Gulei Farms, partially offset by a decrease in depreciation charges for this quarter.

Total current liabilities increased RMB51 million to RMB643 million as at 30 June 2017 from RMB592 million as at 31 December 2016. The increase was mainly due to:

- (1) A RMB25 million increase in other payables due to the accrual for professional fees, as well as foreign exchange fluctuations;
- (2) A RMB47 million increase in convertible loans due to a reclassification of convertible loans from non-current liabilities, notional interest on convertible loan for the 1H 2017 period and foreign exchange fluctuations;
- (3) A RMB21 million decrease in derivatives liabilities due to foreign exchange fluctuations.

Non-current liabilities increased to RMB61 million as at 30 June 2017 from RMB47 million as at 31 December 2016.

Total equity decreased to a debit balance of RMB518 million at 30 June 2017 from a debit balance of RMB477 million as at 31 December 2016. The increase was due to the conversion of 47,237,779 warrants to share capital and the decrease was due to a RMB34 million reduction in currency translation reserves.

REVIEW OF CASH FLOW STATEMENT

The Group generated positive cash flow of RMB77 million for the six months ended 30 June 2017. This is mainly attributed by the compensation amount from PRC Authority in 1H 2017 in relation to the Group's Gulei Farms.

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

Not applicable.

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

The Live Marine Products business segment continues to utilise the Group's science-and-evidence based approach and risk controls for efficient and productive farming. The Live Marine Products segment is typically cyclical in nature due to lead time required for the spawning cycle and its financial performance is subject to sales demand.

Concurrently, the Processed Marine Products segment has embarked on several new topline-accretive business initiatives. During 1H 2017, the Group entered into a MOU with WSRC Holdings Pte Ltd to expand the Group's abalone and seafood business in the PRC. Towards this end, WSRC has agreed to purchase 250 cartons of Oceanus' canned abalones or a sales equivalent of S\$250,000, whichever is higher, and will also strive to purchase at least 500 cartons or a sales equivalent of S\$500,000, whichever is higher, within a year of the commencement of the MOU on June 13, 2017. Subsequent to 1H 2017, the Group also announced a collaboration agreement with long-time partner, BNY Abalone World Factory Outlet Pty Ltd, which will result in Oceanus' 60% interest in BNY. A Singapore-based international sales office has also been set up to further sales expansion into the Asia-Pacific markets.

Shortly after the establishment of the Group's consultation arm, Oceanus Tech Pte Ltd, in April 2017, the new subsidiary has secured its first consultancy project from a prominent SGX-listed agriculture group, to provide R&D-related services and studies. Maiden revenue from the 1-year consultancy project has been recognised this quarter under the new Consultancy business segment.

Following the announcement on March 2, 2017 on the sale of 13 abalone farms in the PRC to the PRC Authorities, the Group has to-date recognised RMB 95 million, or about 52% of the expected gross compensation receivable of RMB 183 million. The Group has also on July 26, 2017 signed a binding term sheet to advance its debt restructuring exercise, after which Oceanus will have approximately S\$20 million debt remaining, which will be paid through net proceeds received from the sale of the aforementioned 13 abalone farms, putting the Group on track to becoming debt free. Additionally, the Group has secured S\$6.0 million of fresh funding from new investors through the issuance of new shares to fund new business initiatives that will aid acceleration of the Group's turnaround efforts.

Oceanus will continue to execute its turnaround strategies, including the diversification of its income streams via upstream and downstream extension of its value chain; working closely with leading institutions with a focus on cutting-edge aquaculture technology to further its science-and-evidence approach to farming to drive greater productivity and efficiency; as well as the recovery and strengthening of its balance sheet.

Overall, the Group is on track for its turnaround – the 77% rise in 1H 2017 revenue to RMB10 million reflects the effectiveness of management's efforts to drive business growth thus far. Notably, the Group would have recorded an adjusted EBITDA of RMB 15 million in 1H 2017 after reversing the effect of losses incurred by discontinued operations, a marked improvement from the RMB6 million negative EBITDA recorded in 1H 2016.

The Board and Management are reasonably optimistic that the Group will be profitable in FY2017, barring any unforeseen circumstances.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable.

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

No dividend has been declared in respect of the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate obtained from shareholders for the interested person's transactions.

14. Use of Net Proceed from the Rights Issue

The Group had fully utilized the nets proceeds of S\$28,250,000 raised from Rights Issue as of 30 June 2014 as disclosed in the Company's Unaudited Second Quarter Financial Statements and Announcement for the 6 months ended 30 June 2014, as announced on SGX-NET on 8 August 2014.

15. Negative assurance confirmation on the interim financial results pursuant to Rule 705(5) of the listing manual.

The Board hereby confirms to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the 6 months ended 30 June 2017 to be false or misleading in any material respect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Relationship with any director and / or any substantial shareholder	Current position and duties, and the year the position was held
Robert Koh Keng Guan	65	Brother of Peter Koh Heng Kang	Operations Director (China Operations) of the Group's main subsidiary, Oceanus Aquaculture China, stationed in PRC

BY ORDER OF THE BOARD

Peter Koh Heng Kang,_{PBM}
Executive Director and Chief Executive Officer

11 August 2017