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ADJUSTMENTS AND RECLASSIFICATIONS TO THE UNAUDITED FIGURES IN THE FULL YEAR RESULTS ANNOUNCEMENTS AND CLARIFICATIONS ON THE FULL YEAR 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 2014 in the Group’s Annual Report 2014 (the “**Audited Financial Statements**”) and the announcement on the unaudited financial statements for the financial year ended 31 December 2014 on 27 February 2015 (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:

- (a) Property, plant and equipment;
- (b) Convertible loan

The valuation reports of the above items were issued after 27 February 2015 or after the announcement of the full year unaudited results.

The adjustments and reclassifications resulted in a decrease of RMB215.1 million to the net assets of the Group as at 31 December 2014 and an increase of RMB 204.1million to the Group’s loss for the year for the financial year ended 31 December 2014, each as compared to the respective preliminary results disclosed in the Preliminary FY2014 Results Announcement. Further details of the adjustments and reclassifications as compared to the preliminary results disclosed in the Preliminary FY2014 Results Announcement are set out in the tables below:

A comparison of audited results and unaudited results for the financial year ended 31 December 2014 is set out as below:

CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Audited Results RMB'000	Unaudited Results RMB'000	Difference		Note
			RMB'000	%	
Loss arising from changes in fair value					
less estimated point-of-sale costs	(11,440)	(11,440)	-	0%	
Other operating income	2,627	901	1,726	192%	PL1
Feed used	(10,570)	(10,569)	(1)	0%	
Electricity, fuel and water	(9,566)	(9,565)	(1)	0%	
Staff costs	(20,806)	(15,248)	(5,558)	-36%	PL2
Depreciation	(59,299)	(64,485)	5,186	8%	PL3
Reversal/(Impairment) loss on property, plant and equipment	(180,097)	-	(180,097)	-100%	PL4
Impairment loss on prepaid lease	(2,800)	-	(2,800)	-100%	PL5
Other operating expenses	(30,630)	(26,460)	(4,170)	-16%	PL6
Fair value loss on financial derivatives, net	(25,418)	-	(25,418)	-100%	PL7
Finance cost	(66,056)	(83,679)	17,623	21%	PL8
Profit before tax	(414,055)	(220,545)			
Income tax	4,006	(49)	4,055	>100%	PL9
Profit after tax	(410,049)	(220,594)	(189,455)	86%	
Discontinued operations	10,465	25,111	-14,646	-58%	PL10
Loss for the year	(399,584)	(195,483)			

Explanatory Notes

Income Statement

A) Adjustments arising upon completion of valuation report.

PL4 The Group carried out a review of the recoverable amount of PPE based on the higher of fair value less costs to sell and value in use. The review led to impairment loss of RMB147.2 m based on the Independent valuation report.

PL5. Impairment loss of prepaid lease amounting to RMB1.5 m, consequential effect, of the Independent valuation report.

PL7. Recognition of fair value loss on derivative liability (redemption premium) amounting to RMB25.4 m.

PL8. Adjustment on fair value of convertible loan as at year end, resulting in a reduction of notional interest amounting to RMB17.6 m.

B) RECLASSIFICATIONS

PL1. Real property gain tax of RMB1.7 m has been reclassified from the gain on disposal of PPE to other tax payment under Other Operating Expenses.

C) Other adjustments

PL2. Adjustment of staff costs relating to accrual of social and security fund for employees in PRC and salaries amounting to RMB4.8 m and RMB0.7 m respectively.

PL3. Decrease in depreciation charge is mainly due to reversal of over-depreciation of PPE amounting to RMB5.14 m, for assets written off at one branch in PRC as well as for motor vehicles written off, amounting to RMB50k.

PL4. Impairment of PPE and prepaid leases of the following:

- i) Full impairment of PPE a few unutilized farms located at one branch in PRC, amounting to RMB25.8m.
- ii) Impairment for PPE for a section unutilized within a farm located at one branch in PRC, amounting to RMB440k.
- iii) Impairment of CWIP without movement as at 31/12/14 amounting to RMB6.6m.

PL5. Full Impairment loss of prepaid lease of a few farms located at one branch in PRC amounting to RMB1.3 m, consequential effect, of the Independent valuation report.

PL6. Adjustments to Other Operating Expenses are consists mainly of the following:

- i) Being adjustment on gain on exchange difference on revaluation on a related party balance amounting to approximately RMB4.7m.
- ii) Omission to take up legal fees amounting to RMB500k.
- iii) Recognition of provision for doubtful debts on other receivable amounting to approximately RMB640k.

Offset against:

- iv) Reclassification of real property gain tax of RMB1.7 m from other operating income. Refer to PL1.

PL9. A reversal of deferred tax liability in relation to convertible loans, shown as tax credit under Income Tax amounting to approximately RMB4 m.

PL10. Profit from discontinued operations decreased by RMB14 million was mainly due to the recognition of provision for doubtful debts on other receivable amounting to approximately RMB13.1 m, as well as Reclassification of real property gain tax of RMB1.7 m from other operating income. Refer to PL1.

STATEMENT OF FINANCIAL STATEMENT AS AT 31 DECEMBER 2014

	Audited balance RMB'000	Unaudited balance RMB'000	Difference RMB'000	Note
ASSETS				
Current Assets				
Cash and bank balances	3,965	4,678	(713)	BS1
Trade receivables	-	-	-	
Other receivables	1,568	13,930	(12,362)	BS2
Biological assets	41	41	-	
Total current assets	5,574	18,649		
Non-current assets				
Property, plant and equipment	261,739	438,156	(176,417)	BS3
Prepaid lease	8,045	10,785	(2,740)	BS4
Total non-current assets	269,784	448,941		
Total assets	275,358	467,590		
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	15,176	15,176	-	
Other payables	91,908	71,290	20,618	BS5
Loans and borrowings	29,056	36,535	(7,479)	BS6
Current tax payable	23,948	23,948	-	
Convertible loan	283,456	301,649	(18,193)	BS7
Derivative liabilities	143,098	118,749	24,349	BS7
Total current liabilities	586,642	567,347		
Non-current liabilities				
Derivative liabilities	-	-	-	
Convertible loan	-	-	-	
Loans and borrowings	7,479	-	7,479	BS6
Deferred taxes	1,944	5,828	(3,884)	BS8
Total non-current liabilities	9,423	5,828		
Total liabilities	596,065	573,175		
Capital and reserves				
Share capital	2,373,685	2,373,685	-	
Capital reserve	(1,137,504)	(1,137,504)	(1)	
Statutory reserve	39,262	39,262	-	
Currency translation reserve	49,191	60,212	(11,021)	BS9
Warrant reserve	101,651	101,651	-	
Accumulated (losses)/profits	-	-	-	
Accumulated (losses)/profits b/f	(1,347,408)	(1,347,408)	-	
Current period (losses)/profits	(399,584)	(195,483)	(204,101)	Net effect of various adjustments
Total equity	(320,707)	(105,585)		
Total liabilities and equity	275,358	467,590		

Explanatory Notes

STATEMENT OF FINANCIAL STATEMENT

A) Adjustments arising upon completion of valuation report.

BS3. Adjustments for PPE on the following:

- i) Impairment of PPE based on independent valuation report amounting to RMB147.2 m;
- ii) Impairment of PPE due to unutilized farms amounting to RMB26.3 m;
- iii) Impairment for CWIP without movement as at 31 December 2014 amounting to RMB6.6 m;

Offset against:

- iv) Adjustment of over depreciation of PPE amounting to RMB5.2 m.

BS4. Please refer to PL5.

BS7. Changes in convertible loan, derivative liability and warrants reserve were due to adjustments according to valuation report. Please refer to PL7 & PL8.

B) Reclassification

BS6. Reclassification of interests amounting to RMB7.5m from short term loans from current liabilities to non-current liabilities, for better presentation as these are repayable after 12 months after the end of the reporting period.

C) Other adjustments:

BS1. Reclassification of bank balance to other receivables due to amounts kept on behalf of and an inter-co fund transfer amounting to RMB0.5 m and RMB0.2 m respectively.

BS2. Adjustment for other receivables on the followings:

- i) Provision for doubtful debts of long outstanding other receivables amounting to RMB13.1 m;

Offset against:

- ii) Reclassification of RMB0.7m from other payables for better presentation; refer to BS5.

BS5. Adjustment for other payables on the followings:

- iii) Additional accrual for social and security fund for employees in PRC and salaries amounting to RMB4.8m and RMB0.7m respectively; refer to PL2.
- iv) Reclassification of RMB0.7 m to other receivable for better presentation; refer BS2.
- v) Adjustment of RMB13.4 m of advances to a subsidiary through key management of the Group to amount due from subsidiary.

BS8. Change in deferred tax liability due to adjustments as stated in PL9.

BS9. Changes arose from the transaction rate versus year end rate adjusting for the above mentioned audit adjustments.

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
14 June 2016