



Oceanus Group Limited

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

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE 12 MONTHS ENDED 31 DECEMBER 2015 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)	12 months ended		Favourable /(Adverse)
	2015-12-31	2014-12-31	%	2015-12-31	2014-12-31	%
	RMB'000	RMB'000		RMB'000	RMB'000	
Sales of aquaculture products						
Sales of live marine products	2,868	8,319	(66%)	3,759	9,267	(59%)
Sales of processed marine products	1,632	-	100%	1,795	-	100%
	4,500	8,319	(46%)	5,554	9,267	(40%)
Continuing operations						
(Loss)/Gain arising from changes in fair value less cost to sell of biological assets	384	(3,002)	NM	6,056	(11,440)	NM
Sales of processed marine products	1,632	-	100%	1,795	-	100%
	2,016	(3,002)	NM	7,851	(11,440)	NM
Other operating income	338	452	(25%)	2,699	901	>100%
Changes in inventories	(1,361)	-	(100%)	(1,483)	-	(100%)
Feed used	(366)	(34)	NM	(1,003)	(10,569)	91%
Electricity, fuel and water	(588)	457	NM	(2,303)	(9,565)	76%
Staff costs	(3,489)	(1,160)	>100%	(11,163)	(15,248)	27%
Foreign currency gain/(loss)	17,715	(6,057)	NM	(6,876)	(2,401)	(>100%)
Provision of redemption premium	-	-	NM	(23,623)	-	(100%)
Other operating expenses	(3,063)	(7,388)	59%	(10,137)	(24,059)	58%
Depreciation	(14,433)	(15,989)	10%	(61,824)	(64,485)	4%
Finance costs	(18,605)	(26,662)	30%	(28,773)	(83,679)	66%
Loss before income tax	(21,836)	(59,383)	63%	(136,635)	(220,545)	38%
Income tax	-	-	NM	-	(49)	NM
Loss for the year from continuing operations	(21,836)	(59,383)	63%	(136,635)	(220,594)	38%
Discontinued operations						
operations	(5)	3,758	NM	63	25,111	(100%)
Loss for the year	(21,841)	(55,625)	61%	(136,572)	(195,483)	30%

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

	3 months ended		Favourable /(Adverse)	12 months ended		Favourable /(Adverse)
	2015-12-31	2014-12-31		2015-12-31	2014-12-31	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<u>Continuing operations</u>						
Interest income	-	(1)	(100%)	(1)	(2)	(50%)
Interest expense						
(i) Coupon rate 5%	8,270	7,205	(15%)	19,151	19,829	3%
(ii) Notional interest	14,011	14,474	3%	9,375	56,993	84%
(iii) loan interest	(99)	1,024	NM	1,862	1,680	(11%)
(iv) Withholding tax	(3,577)	3,472	NM	(1,661)	4,690	NM
(v) Others	-	487	100%	46	487	91%
equipment	14,433	15,989	10%	61,824	64,485	4%
Amortisation of prepaid leases	123	149	17%	490	629	22%
Operating lease expenses	526	489	(8%)	1,910	1,898	(1%)
Construction work in progress	-	(1,520)	(100%)	-	(1,520)	(100%)
(Gain)/loss on disposal of property, plant and equipment	-	1,641	100%	(284)	1,641	NM
Bad debts recovered	-	(1,030)	(100%)	-	(1,030)	(100%)
Reversal of allowance for doubtful debts	-	-	-	-	(153)	(100%)
Foreign exchange (gain)/loss	(17,715)	6,057	NM	6,876	2,401	(>100%)
<u>Discontinued operations</u>						
(Gain)/Loss on disposal of plant and equipment	-	1,324	100%	-	(18,264)	(100%)
(Gain)/loss on disposal of prepaid lease	-	(1,338)	(100%)	-	(4,208)	(100%)
(Reversal)/Write-down in value of inventories, net	-	(1,026)	(100%)	-	(1,026)	(100%)
Foreign exchange (gain)/loss	5	(2,844)	NM	(90)	(1,756)	(95%)

N/M: 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>12 months ended</u>	
	<u>2015-12-31</u>	<u>2014-12-31</u>	<u>2015-12-31</u>	<u>2014-12-31</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Loss for the period	(21,841)	(55,625)	(136,572)	(195,483)
Other comprehensive income				
Exchange differences on translation of foreign operations	(32,525)	35,503	2,566	32,470
Total comprehensive income for the period	<u>(54,366)</u>	<u>(20,122)</u>	<u>(134,006)</u>	<u>(163,013)</u>
Attributable to:				
Equity holders of the Company	<u>(54,366)</u>	<u>(20,122)</u>	<u>(134,006)</u>	<u>(163,013)</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	
	2015-12-31	2014-12-31	2015-12-31	2014-12-31
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	2,225	4,678	147	274
Trade receivables	73	-	-	-
Other receivables	14,656	13,930	39,069	24,768
Inventories	110	-	-	-
Biological assets	2,418	41	-	-
	<u>19,482</u>	<u>18,649</u>	<u>39,216</u>	<u>25,042</u>
<u>Non-current assets</u>				
Property, plant and equipment	375,130	438,156	-	-
Prepaid leases	10,224	10,785	-	-
Investment in subsidiaries	-	-	795,000	795,000
	<u>385,354</u>	<u>448,941</u>	<u>795,000</u>	<u>795,000</u>
Total assets	<u>404,836</u>	<u>467,590</u>	<u>834,216</u>	<u>820,042</u>
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Trade payables	10,992	15,176	-	-
Other payables	74,256	71,290	52,527	63,368
Loans and borrowings	2,816	36,535	2,816	36,535
Current tax payable	23,948	23,948	-	-
Convertible loan	257,586	301,649	285,593	301,649
Derivative liabilities	139,246	118,749	141,090	118,749
	<u>508,844</u>	<u>567,347</u>	<u>482,026</u>	<u>520,301</u>
<u>Non-current liabilities</u>				
Convertible loan	28,007	-	-	-
Derivative liabilities	1,844	-	-	-
Deferred tax liabilities	5,747	5,828	5,747	5,828
	<u>35,598</u>	<u>5,828</u>	<u>5,747</u>	<u>5,828</u>
Total liabilities	<u>544,442</u>	<u>573,175</u>	<u>487,773</u>	<u>526,129</u>
<u>Capital and reserves</u>				
Share capital	2,413,255	2,373,685	2,413,255	2,373,685
Capital reserve	(1,137,504)	(1,137,504)	11,229	11,229
Currency translation reserve	62,778	60,212	27,548	18,259
Warrant reserve	162,066	101,651	162,066	101,651
Statutory reserve	39,262	39,262	-	-
Accumulated losses	(1,679,463)	(1,542,891)	(2,267,655)	(2,210,911)
Equity attributable to equity holders of the Company	<u>(139,606)</u>	<u>(105,585)</u>	<u>346,443</u>	<u>293,913</u>
Total liabilities and equity	<u>404,836</u>	<u>467,590</u>	<u>834,216</u>	<u>820,042</u>

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

	Group			
	2015-12-31		2014-12-31	
	RMB'000	RMB'000	RMB'000	RMB'000
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Amount payable in one year or less, or demand	-	2,816	-	36,535
Amount repayable in one year or less	257,586	-	-	301,649
Amount repayable after one year	28,007	-	-	-
	<u>285,593</u>	<u>2,816</u>	<u>-</u>	<u>338,184</u>

Details of any collateral

Secured

The loans amounting to RMB285 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.

The restructured convertible loan was classified as current liabilities as they will expire on 31 December 2016.

The convertible loan arising from new warrants issued 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		12 months ended	
	2015-12-31	2014-12-31	2015-12-31	2014-12-31
	RMB'000	RMB'000	RMB'000	RMB'000
Cash Flows from Operating Activities				
Loss before income tax	(21,841)	(55,625)	(136,572)	(195,434)
Adjustments for:				
Gain (loss) arising from changes in fair value less cost to sell of biological assets	(384)	3,002	(6,056)	11,440
Depreciation of property, plant and equipment	14,433	15,989	61,824	64,485
(Gain) Loss on disposal of property, plant and equipment	-	2,965	(284)	(16,623)
(Gain) Loss on disposal of prepaid lease	-	(1,338)	-	(4,208)
Bad debts recovered	-	(1,030)	-	(1,030)
Reversal of allowance for doubtful debts	-	-	-	(153)
Provision for warrant redemption premium	-	-	23,623	-
Interest income	-	(1)	(1)	(2)
Interest expense	18,604	26,662	28,772	83,679
Net foreign exchange difference	(20,334)	17,994	(3,819)	16,385
Operating cash flows before working capital changes	(9,399)	7,247	(32,023)	(42,352)
Trade receivables	(73)	-	(73)	158
Other receivables	563	2,754	(657)	14,208
Inventories	6	-	(110)	-
Biological assets	2,813	6,992	3,679	8,425
Trade payables	15	(6,714)	(4,183)	(1,171)
Other payables	417	(26,606)	11,246	(22,937)
Cash used in operations	(5,658)	(16,327)	(22,121)	(43,669)
Interest received	-	1	1	2
Interest paid	-	(487)	(46)	(487)
Income taxes paid	-	-	-	(49)
Cash flows used in from operating activities	(5,658)	(16,813)	(22,166)	(44,203)
Investing activities				
Purchase of property, plant and equipment	-	(477)	(113)	(477)
Proceeds from disposal of property, plant and equipment	-	(1,137)	1,670	6,763
Proceeds from disposal of prepaid lease	-	11,157	-	11,157
Cash flows generated from investing activities	-	9,543	1,557	17,443
Financing activities				
Proceeds on loan from investors	-	8,492	10,974	25,907
Issuance of new convertible loan	7,182	-	41,779	-
Repayment of loan from investors	-	-	(34,597)	-
Cash flows generated from financing activities	7,182	8,492	18,156	25,907
Net increase (decrease) in cash and cash equivalent	1,524	1,222	(2,453)	(853)
Cash and cash equivalent at beginning of the period	701	3,456	4,678	5,531
Cash and cash equivalents at end of the period	2,225	4,678	2,225	4,678

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

	12 months ended	
	31/12/2015	31/12/2014
	RMB'000	RMB'000
Cash and bank balances	2,225	4,678

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 Jan 2014	2,373,685	(1,137,504)	27,742	101,651	39,262	(1,347,408)	57,428	-	57,428
Loss for the period	-	-	-	-	-	(195,483)	(195,483)	-	(195,483)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	32,470	-	-	-	32,470	-	32,470
Total comprehensive income/(loss) for the period	-	-	32,470	-	-	(195,483)	(163,013)	-	(163,013)
Balance as at 31 December 2014	2,373,685	(1,137,504)	60,212	101,651	39,262	(1,542,891)	(105,585)	-	(105,585)
Balance as at 1 Jan 2015	2,373,685	(1,137,504)	60,212	101,651	39,262	(1,542,891)	(105,585)	-	(105,585)
Issue of new shares	39,570	-	-	-	-	-	39,570	-	39,570
Issue of new warrants	-	-	-	60,415	-	-	60,415	-	60,415
Loss for the period	-	-	-	-	-	(136,572)	(136,572)	-	(136,572)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	2,566	-	-	-	2,566	-	2,566
Total comprehensive income/(loss) for the period	-	-	2,566	-	-	(136,572)	(134,006)	-	(134,006)
Balance at 31 December 2015	2,413,255	(1,137,504)	62,778	162,066	39,262	(1,679,463)	(139,606)	-	(139,606)

	<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 Jan 2014	2,373,685	11,229	(712)	101,651	(2,114,644)	371,209
Loss for the period	-	-	-	-	(96,267)	(96,267)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	18,971	-	-	18,971
Total comprehensive income/(loss) for the period	-	-	18,971	-	(96,267)	(77,296)
Balance as at 31 December 2014	2,373,685	11,229	18,259	101,651	(2,210,911)	293,913
Balance as at 1 Jan 2015	2,373,685	11,229	18,259	101,651	(2,210,911)	293,913
Issue of new shares	39,570	-	-	-	-	39,570
Issue of new warrants	-	-	-	60,415	-	60,415
Loss for the period	-	-	-	-	(56,744)	(56,744)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	9,289	-	-	9,289
Total comprehensive income/(loss) for the period	-	-	9,289	-	(56,744)	(47,455)
Balance as at 31 December 2015	2,413,255	11,229	27,548	162,066	(2,267,655)	346,443

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

There was no change in the Company's share capital since the end of the previous period reported on.

In connection with the warrants restructuring exercise that was completed in September 2015, the Company has on 26 October 2016, issued 107,692,308 new warrants to Ocean King Group Limited (OKGL). This represents S\$1,400,000 of the remaining 1st tranche of the drawdown amount disbursed by OKGL to the Company on the same date.

As a result, as of 31 December 2015, the number of outstanding warrants has increased from 3,618,306,966 to 3,725,999,274. 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 31 December 2015.

(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 31 December 2015 is 4,566,852,832 shares (31 December 2014: 3,637,941,547 shares).

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

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which 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 2013.

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		12 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
a) EPS based on weighted average number of shares (RMB cents/ share)	(0.48)	(1.53)	(3.52)	(5.37)
b) EPS based on fully diluted basis (RMB cents/ share)	(0.48)	(1.53)	(3.52)	(5.37)
Weighted average number of shares applicable to earnings per share	4,566,852,832	3,637,941,547	3,874,623,052	3,637,941,547
Weighted average number of shares fully diluted basis	4,566,852,832	3,637,941,547	3,874,623,052	3,637,941,547

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period (RMB cents/share)	(3.05)	(2.90)	7.59	8.08

Net asset value for the Group and the Company as at 31 December 2015 and 31 December 2014 are computed based on 4,566,852,832 shares and 3,637,941,547 shares respectively at the end of the financial period under review.

The major contributions to the negative net asset value are the convertible loan and its derivative amounting to RMB285 million and RMB141 million respectively. If all the outstanding warrants were converted to shares, it will have a very favorable impact to the Group.

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 4Q 2015 Adjusted EBITDA* is a loss of RMB6.4 million.

In RMB'000	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Net loss	(21,841)	(44,615)	(9,136)	(60,980)
Add/(deduct)				
Income tax	-	-	(63)	63
Depreciation	14,433	15,778	15,802	15,811
Amortisation of prepaid lease	123	122	122	123
Interest expense	18,605	(29,469)	20,117	19,520
EBITDA	11,320	(58,184)	26,842	(25,463)
Foreign exchange (gain)/loss	(17,715)	27,469	(23,283)	20,310
Provision for redemption premium	-	23,623	-	-
Adjusted EBITDA	(6,395)	(7,092)	3,559	(5,153)

*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.

Sales of live marine products decreased by RMB5.4 million or 59% in 12M 2015 to RMB3.8 million from RMB9.2 million in 12M 2014. The Company took risk precautions by retaining a minimal level of biological assets in view of the substantial impact of frugality measures imposed by the China government.

The Group's losses for 12M 2015 narrowed 30.1% or RMB58.9 million to RMB136.6 million compared to loss of RMB195.5 million for the same period last year, mainly due to:

- (1) Direct Production Costs refer to Feed, Electricity and Staff costs. Direct Production Cost for the 12 months ended 31 December 2015 amounted to RMB6.4 million. This is RMB20.8 million or over 99% lower as compared to the same period last year. The decrease appears to be directly due to a lower abalone population and cost cutting measures implemented by the new management since the last quarter of 2014.
- (2) Other operating expenses for the 12 months ended 31 December 2015 amounting to RMB10.1 million. This is RMB14 million or 58% lower as compared to RMB24.1 million in same period last year.
- (3) Finance costs for the 12 months ended 31 December 2015 reduced 66% or RMB54.9 million to RMB28.8 million from RMB83.7 million for the same period last year. This is mainly due to reversal of notional interest from old loans previously taken up, no longer necessary subsequent to the restructuring exercise in September 2015 whereby old convertible loans extinguished and derivatives liabilities reversed.

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

Live Marine Products

Biological assets : Standing population & valuation as at 31 December 2015

I. Total Population (figures expressed in Thousands)

Sizes:	Total	
	Units	RMB'000
Smaller Size (2.0-3.7cm)	8,224,460	2,418
Total Abalones	8,224,460	2,418

II. Caged Abalone Population (in '000 units)

	4Q2015	4Q2014	Favourable / (Adverse)
Large Size (5.8-8.2cm)	-	8	(100%)
Smaller Size (2.0-3.7cm)	8,224	84	>100%
Total Abalones	<u>8,224</u>	<u>92</u>	>100%

III. Tanks Utilized

	4Q2015	4Q2014	Favourable / (Adverse)
No. of Juvenile tanks used	648	1,142	(43%)
No. of Grow-out tanks used	-	16	(100%)
	<u>648</u>	<u>1,158</u>	(44%)

The new management has now taken over for more than a year. During this period, management had not only carried out a series of cost cutting measures resulting in significant costs reduction, management have also carried out extensive studies and analysis of the existing business model. With newly acquired understanding, it is concluded that the turnover time of the current business model is too lengthy and comes with too much risks and uncertainty (spawning of abalone juveniles and growing them out into bigger sizes of commercial value for resale typically takes 2 to 3 years).

Our preparations towards a 'hybrid' model are well underway, as we focus on both our core 'land-based' farming methods, whilst working closely with 'sea-based' farmers. By supplying these sea farmers with abalone juveniles or spawns, we will be able to mitigate our risks and obtain full-grown abalones from them at prices that are 30 to 40 per cent lower than what land farming offers, putting us in a good position to substantially reduce our risk and cost of operations.

Live Marine Products (cont'd)

	3 months ended		Favourable	12 months ended		Favourable
	31/12/2015	31/12/2014	/(Adverse)	31/12/2015	31/12/2014	/(Adverse)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
External sales	2,868	7,833	(63%)	3,759	9,267	(59%)
(Loss)/Gain on fair value	384	(3,002)	NM	6,056	(11,440)	NM
Other operating income	221	452	(51%)	2,541	896	>100%
Feed used	(366)	(34)	>100%	(1,003)	(10,569)	91%
Electricity and fuel	(588)	457	NM	(2,303)	(9,565)	76%
Staff costs	(727)	1,987	NM	(3,114)	(7,086)	56%
Depreciation	(14,433)	(15,989)	10%	(61,824)	(64,485)	4%
Foreign exchange gain/(loss)	(12,715)	11,704	NM	9,989	19,281	48%
Loss on disposal of Property, plant and equipment	-	(1,641)	100%	-	(1,641)	100%
Other operating expenses	(557)	(541)	(3%)	(2,390)	(8,721)	73%
Finance cost	-	(487)	100%	(46)	(487)	91%
Net loss before tax	(28,781)	(7,094)	>100%	(52,094)	(93,817)	44%

Sales for live marine products in 12M 2015 amounted to about RMB3.8 million representing a 59% decrease from the same period last year.

Direct Production Costs refer to feed, electricity and staff costs. Direct production cost in 12M 2015 amounted to RMB6.4million, a significant reduction of approximately RMB20.8 million or more than 99%, compared to RMB27.2million in the period 12M 2014. This reduction was mainly the result of several cost cutting measures implemented by the management since 2014, measures which include mainly consolidation of operations into the same location for greater economies of scale.

Concurrently, management made strong efforts to eliminate wastage and redundancy, resulting in scrap sales amounting to more than RMB1 million accounted for in other operating income.

Other operating expenses in 12M 2015 amounted to about RMB2.4 million, a significant reduction of RMB6.3 million or 73% lower compared to last year. Main components of other operating expenses include security fee, professional fee, repair and maintenance and amortization of land lease rights amounting to RMB0.5 million, RMB0.6 million, RMB0.2million and RMB0.5million respectively.

GROUP OPERATING ITEMS

Other operating income

Other operating income comprises mainly discount received from trade suppliers and scrap sales.

(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 decreased approximately RMB62.7 million from RMB467.5 million at 31 December 2014 to RMB404.8 million at 31 December 2015. This movement is attributable to the following:-

1. **Property, plant and equipment** decreased by RMB63.6 million to RMB385.3 million as at 31 December 2015 from RMB448.9 million as at 31 December 2014, mainly due to depreciation in the period 12M 2015.

Total current liabilities decreased by RMB58.5 million to about RMB508.8 million as at 31 December 2015 from RMB567.3 million as at 31 December 2014. The decrease was mainly due to:

1. The old convertible loan and derivative liabilities have been extinguished and new and restructured warrants were issued upon the completion of Proposed Restructuring.
 - i) Repayment of outstanding interest payables due to old warrants in the form of issuance of new settlement shares and accrued interest shares amounting to RMB29.4 million and RMB11.6 million, respectively.
 - ii) Repayment of investor loans in the form of issuance of settlement shares and new warrants amounting to RMB12.6 million and RMB37.4 million, respectively.
2. Offset against:
 - iii) Additional loans received from investor amounting to RMB17.2 million during the period 12M2015.

Non-current liabilities, increased by about RMB29.8 million mainly due to additional loans received from new warrants issued as the loan has a term of five (5) years commencing from the 1st Drawdown Date of 3 September 2015, hence classified as non-current.

Total equity decreased by RMB34.0 million to negative RMB139.6 million as of 31 December 2015. This is mainly due to allotment and issue of new shares amounting to RMB39.6 million, increase in currency translation reserve of RMB2.7 million and the restructured Convertible Loan of RMB60.4M offset against the losses in the period 12M 2015 amounting to RMB136.6 million.

REVIEW OF CASH FLOW STATEMENT

The Group generated a negative cash flow of about RMB2.5 million for the 12 months ended 31 December 2015. In this quarter, the Group has received additional RMB7.1 million loans from new warrant holders. These amounts were solely used for working capital purposes.

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

Under new leadership, the Group embarked on its turnaround roadmap in 12M 2015, focusing on a series of cost-cutting measures, which has already been reflected favourably in the 12M 2015 financials as can be seen from the 30.1% narrowed losses due to substantial reduction in production costs and operating expense.

During the year under review, the Group also re-evaluated its business strategies to drive greater productivity and improve profitability. For instance, preparations are underway for a 'hybrid' model for the Group to work closely, instead of competing, with sea farmers by obtaining full-grown abalones from them at prices that are 30% to 40% lower than land farming, putting the Group in good stead to substantially reduce operational risks and costs.

Concurrently, the Group is working with an Australian processor for the supply of abalone meat for canning and making dried abalones. This business segment has already gained traction, as shown in the maiden RMB 1.8 million earned under sales of processed marine products in 12M 2015.

For the coming financial year ending 31 December 2016 (12M 2016), the Group will focus on putting in place strong business fundamentals to accelerate its turnaround roadmap. Firstly, the Group plans to diversify downstream to the retailing of halal-certified, Australia-processed, MSG and preservatives-free canned abalones. These premium canned abalones had received warm reception during an independent surveyor report or 'blind test' conducted, and is slated to be made available to consumers via e-commerce platforms by 3Q2016. Secondly, the Group is looking at converting freed up farm space to explore the feasibility of other aquaculture products such as sea cucumbers, fish and shrimps, in addition to renting out un-utilised farming assets to keep operation costs low.

The Group will also continue to explore and work with technology partners and global aquaculture groups on possible joint ventures as well as pursuing possible merger and acquisition opportunities with strategic partners to strengthen and to achieve growth in market share whilst gaining competitive advantage.

In addition, the Group is currently in active negotiations with its warrant holders to restructure its loans and warrants due in FY2016 to ensure that the Group is able to satisfy its financial obligations. Should negotiations and the restructuring be successful, the Group's cash flow is expected to improve.

Amidst macro-economic uncertainties and a slowdown in the Chinese economy, the Group is cautiously optimistic on the outlook of 12M 2016. It looks forward to reaping the results of the fundamentals put in place in 12M 2014 and 12M 2015, as well as the start of new business ventures for greater sustainability and diversification of the Group's businesses.

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 year.

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 has fully utilized the net proceeds of S\$28,253,000 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. 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	63	Brother of Peter Koh Heng Kang	Country Manager (China Operations) of the Group's main subsidiary, Oceanus Aquaculture China, stationed in PRC

BY ORDER OF THE BOARD

Peter Koh Heng Kang
Executive Director and Chief Executive Officer
29 February 2016