



BLUE OCEAN RESOURCES

BLUE OCEAN RESOURCES PTE. LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 200610255E
(the "Issuer")

**GENERAL ANNOUNCEMENT –
CP PRIMA TO IMPROVE FINANCIAL STRUCTURE TO INCREASE BUSINESS GROWTH**

The parent company of the Issuer, PT Central Proteina Prima Tbk (the "**Company**") is the current market leader for aqua feed in Indonesia and sells fishery products worldwide. Sales and earnings before interest, tax, depreciation and amortisation ("**EBITDA**") of the Company have been growing steadily in the past few years, partly due to strong domestic demand for fish products and robust global demand for shrimp products from Indonesia. The Company's sales in 2018 amounted to Rp7.4 trillion with an EBITDA of Rp535.6 billion, representing an increase of 12% and 15% respectively, to sales and EBITDA from 2017.

However, steep depreciation of Rupiah and price increase of major commodities have led to a rapid increase in raw material costs. As such, even though the Company's 2018 EBITDA had increased to Rp535.6 billion from Rp464.5 in 2017, it was nevertheless below the target for 2018 EBITDA of Rp557 billion.

In the beginning of 2019, the Company had also originally projected 2019 EBITDA to reach Rp600-700 billion, an increase of around 12-31% compared to the 2018 EBITDA. However, the unaudited mid-year financial results of the Company indicate that the Company has only achieved a year-to-date EBITDA of Rp286.4 billion, which is below its projected half year EBITDA, and the Company is unlikely to be able to achieve its original EBITDA projections for 2019.

Apart from the decline in Rupiah and the rising raw material costs, a significant portion of the Company's EBITDA was utilized to service additional liabilities in 2018 following the implementation of a new operational model from 2016 to 2017. This resulted in the Company having limited cash flow to maintain its working capital level.

From 2016 to 2017, the Company and its plasma farmers had agreed to implement a new operational model designed to reduce operational risks on the Company. In connection with such model, the Company ultimately wrote off Rp1.8 trillion of plasma receivables and assumed Rp396.6 billion of loans owed by such plasma farmers to various banks which the group had guaranteed. These loans, including other corporate loans, are currently being serviced and expected to be fully repaid by 2020.

In addition, following the restructuring of the US\$145.57 million guaranteed senior secured notes issued by the Issuer in 2018 (the "**BOR Notes**") an aggregate US\$162 million is scheduled

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16 Gemmill Lane Singapore 069254 Tel: (65) 62231149 Fax: (65) 62262304 / 62239014 Email: Enquiries@blue-ocean.com.sg ROC/B Ref No. 200610255E

to mature in 2021. In addition to regular coupon payments, the Issuer is also liable under the BOR Notes to make scheduled principal payments twice a year. An initial principal payment of US\$3.6 million and coupon payment of US\$6.5 million was due on 30 June 2019. As all non-current liabilities of the group, including the BOR Notes and all long-term loans given to the Company by the local Indonesian banks, have now become current liabilities, the significant increase in current liabilities has resulted in a significant adverse effect on the financial condition of the group.

The Company's equity value has also been negatively impacted as a result of all outstanding unamortized difference between the initial amount of BOR Notes and maturity amount has been charged in the Consolidated Statement of Profit of Loss for the period ended June 30, 2019. Specifically, the Company's equity value has decreased to Rp351.7 billion.

While the Company expects any negative impact on the equity value in the Issuer to be temporary, such impact may be reduced if the Issuer is able to further extend the maturity date of the BOR Notes. If such extension is approved, the BOR Notes will once again be categorised as non-current liabilities. This will not only strengthen the Company's financials, it will also allow the group to continue on its growth trajectory, in a more sustainable manner.

The Company strongly believes that it is strategically positioned as an aqua feed producer and food processor to benefit from continuing growth in the aquaculture industry. In order to sustain such continued growth, the Company and the Issuer intend to commence discussions with holders of the BOR Notes with a view to further extending the term of the BOR Notes and reducing the financial burden on the group. The Company is optimistic that a successful restructuring of the BOR Notes will strengthen the financials and result in stronger growth and profitability in the future.

The Issuer will make the necessary announcements when there are further developments in relation to the proposed restructuring of the BOR Notes and/or the other matters contemplated by this announcement. Holders of the BOR Notes should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By order of the sole director of Blue Ocean Resources Pte Ltd

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Martial Jean Francois Nicholas

30 July 2019

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