



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 2014 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) %
	2014-12-31 RMB'000	2013-12-31 RMB'000 Restated		2014-12-31 RMB'000	2013-12-31 RMB'000 Restated	
Sales of aquaculture products						
Sales of live marine products	8,319	15,686	(47)	9,267	33,113	(72)
Sales of processed marine products	-	305	(100)	-	7,919	(100)
	8,319	15,991	(48)	9,267	41,032	(77)
Continuing operations						
(Loss)/Gain arising from changes in fair value less cost to sell of biological assets	(3,002)	10,428	NM	(11,440)	(12,255)	7
Sales of processed marine products	-	305	(100)	-	7,919	(100)
	(3,002)	10,733	NM	(11,440)	(4,336)	164
Other operating income	452	2,042	(78)	901	7,579	(88)
Changes in inventories	-	(203)	(100)	-	(7,817)	(100)
Feed used	(34)	(2,887)	99	(10,569)	(33,973)	69
Electricity, fuel and water	457	(7,626)	106	(9,565)	(27,699)	65
Staff costs	(1,160)	(9,272)	87	(15,248)	(38,830)	61
Foreign currency gain/(loss)	(6,057)	(21,753)	72	(2,401)	(22,105)	89
Impairment loss on property, plant and equipment	-	(35,563)	100	-	(53,401)	100
Write off of property, plant and equipment	-	(81,808)	100	-	(81,808)	100
Impairment loss on prepaid lease	-	(1,226)	100	-	(1,226)	100
Other operating expenses	(7,388)	(44,252)	83	(24,059)	(69,560)	65
Depreciation	(15,989)	(20,319)	21	(64,485)	(78,694)	18
Finance costs	(26,662)	(23,306)	(14)	(83,679)	(56,514)	(48)
Loss before income tax	(59,383)	(235,440)	75	(220,545)	(468,384)	53
Income tax	-	17,866	(100)	(49)	17,866	NM
Loss for the year from continuing operations	(59,383)	(217,574)	73	(220,594)	(450,518)	51
Discontinued operations						
Profit for the year from discontinued operations	3,758	(283)	NM	25,111	5,856	>100
Loss for the year	(55,625)	(217,857)	74	(195,483)	(444,662)	56
EBITDA	(12,975)	(192,098)	93	(47,270)	(327,320)	86

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

	3 months ended		Favourable /(Adverse)	12 months ended		Favourable /(Adverse)
	2014-12-31 RMB'000	2013-12-31 RMB'000 Restated	%	2014-12-31 RMB'000	2013-12-31 RMB'000 Restated	%
<u>Continuing operations</u>						
Interest income	(1)	(4)	(75)	(2)	(6)	(67)
Interest expense						
(i) Coupon rate 5%	7,205	3,578	(101)	19,829	15,465	(28)
(ii) Notional interest	14,474	19,228	25	56,993	38,248	(49)
(iii) loan interest	1,024	118	>(100)	1,680	1,146	(47)
(iv) Withholding tax	3,472	382	>(100)	4,690	1,655	>(100)
(v) Others	487	-	(100)	487	-	(100)
Depreciation of property, plant and equipment	15,989	20,319	21	64,485	78,694	18
Amortisation of prepaid leases	149	162	8	629	648	3
Operating lease expenses	489	995	51	1,898	2,575	26
Impairment on property, plant and equipment	-	35,563	100	-	53,401	100
Write off of property, plant and equipment	-	81,808	100	-	81,808	100
(Reversal) Impairment of construction work in progress	(1,520)	-	100	(1,520)	-	100
Loss on disposal of property, plant and equipment	1,641	-	(100)	1,641	-	(100)
Bad debts recovered	(1,030)	-	100	(1,030)	-	100
Reversal of allowance for doubtful debts	-	-	-	(153)	-	100
Foreign exchange (gain)/loss	6,057	21,753	72	2,401	22,105	89
<u>Discontinued operations</u>						
Loan interest	-	33	100	-	403	100
(Gain)/Loss on disposal of plant and equipment	1,324	-	(100)	(18,264)	(897)	>100
(Gain)/loss on disposal of prepaid lease	(1,338)	-	100	(4,208)	897	NM
(Reversal)/Write-down in value of inventories, net	(1,026)	1,175	NM	(1,026)	1,175	NM
Reversal of allowance for doubtful debts	-	-	-	-	(4,413)	(100)
Foreign exchange (gain)/loss	(2,844)	(2,405)	18	(1,756)	(5,341)	(67)

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>2014-12-31</u>	<u>2013-12-31</u>	<u>2014-12-31</u>	<u>2013-12-31</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
		Restated		Restated
Loss for the period	(55,625)	(217,857)	(195,483)	(444,662)
Other comprehensive income				
Exchange differences on translation of foreign operations	35,503	24,702	32,470	40,224
Total comprehensive income for the period	<u>(20,122)</u>	<u>(193,155)</u>	<u>(163,013)</u>	<u>(404,438)</u>
Attributable to:				
Equity holders of the Company	<u>(20,122)</u>	<u>(193,155)</u>	<u>(163,013)</u>	<u>(404,438)</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	
	2014-12-31 RMB'000	2013-12-31 RMB'000	2014-12-31 RMB'000	2013-12-31 RMB'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	4,678	5,531	274	3,119
Trade receivables	-	5	-	-
Other receivables	13,930	17,041	24,768	-
Biological assets	41	19,906	-	-
	<u>18,649</u>	<u>42,483</u>	<u>25,042</u>	<u>3,119</u>
<u>Non-current assets</u>				
Property, plant and equipment	438,156	510,557	-	-
Prepaid leases	10,785	14,498	-	-
Investment in subsidiaries	-	-	795,000	795,000
	<u>448,941</u>	<u>525,055</u>	<u>795,000</u>	<u>795,000</u>
Total assets	<u>467,590</u>	<u>567,538</u>	<u>820,042</u>	<u>798,119</u>
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Trade payables	15,176	16,347	-	-
Other payables	71,290	73,930	63,368	32,025
Loans and borrowings	36,535	12,016	36,535	11,016
Current tax payable	23,948	23,948	-	-
Convertible loan	301,649	-	301,649	-
Derivative liabilities	118,749	-	118,749	-
	<u>567,347</u>	<u>126,241</u>	<u>520,301</u>	<u>43,041</u>
<u>Non-current liabilities</u>				
Convertible loan	-	254,746	-	254,746
Derivative liabilities	-	123,082	-	123,082
Deferred tax liabilities	5,828	6,041	5,828	6,041
	<u>5,828</u>	<u>383,869</u>	<u>5,828</u>	<u>383,869</u>
Total liabilities	<u>573,175</u>	<u>510,110</u>	<u>526,129</u>	<u>426,910</u>
<u>Capital and reserves</u>				
Share capital	2,373,685	2,373,685	2,373,685	2,373,685
Capital reserve	(1,137,504)	(1,137,504)	11,229	11,229
Currency translation reserve	60,212	27,742	18,259	(712)
Warrant reserve	101,651	101,651	101,651	101,651
Statutory reserve	39,262	39,262	-	-
Accumulated losses	(1,542,891)	(1,347,408)	(2,210,911)	(2,114,644)
Equity attributable to equity holders of the Company	<u>(105,585)</u>	<u>57,428</u>	<u>293,913</u>	<u>371,209</u>
Total liabilities and equity	<u>467,590</u>	<u>567,538</u>	<u>820,042</u>	<u>798,119</u>

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

	Group			
	As at 31 December 2014		As at 31 December 2013	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount payable in one year or less, or demand	-	36,535	-	12,016
Amount repayable in one year or less	-	301,649	-	-
Amount repayable after one year	-	-	-	254,746
Total	-	338,184	-	266,762

Details of any collateral

The Unsecured amount repayable in one year or less of RMB338 million mainly relates to a restructured 3-year Convertible Loan which was completed in a Proposed Restructuring Exercise on an Extraordinary General Meeting (EGM) held on 10 July 2012.

The restructured Convertible Loan has been classified as current liabilities as they will expire on 13 July 2015 for the period under review. The due date for the repayment of such amount will be extended to 31 December 2016 upon the Proposed Restructuring becoming effective.

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	
	2014-12-31 RMB'000	2013-12-31 RMB'000	2014-12-31 RMB'000	2013-12-31 RMB'000
Cash Flows from Operating Activities				
Loss before income tax	(55,625)	(235,723)	(195,434)	(462,528)
Adjustments for:				
Gain (loss) arising from changes in fair value less cost to sell of biological assets	3,002	(10,428)	11,440	12,255
Depreciation of property, plant and equipment	15,989	20,319	64,485	78,694
(Gain) Loss on disposal of property, plant and equipment	2,965	2,620	(16,623)	1,723
Write-off of property, plant and equipment	-	81,808	-	81,808
Impairment loss on property, plant and equipment	-	35,563	-	53,401
(Reversal) of impairment loss on construction work in progress	(1,520)	-	(1,520)	-
Amortisation of prepaid leases	149	162	629	648
(Gain) Loss on disposal of prepaid lease	(1,338)	(8,633)	(4,208)	(7,736)
Impairment loss on prepaid leases	-	2,123	-	2,123
Bad debts recovered	(1,030)	-	(1,030)	-
Reversal of allowance for doubtful debts	-	-	(153)	(4,413)
Fair value loss on financial derivatives, net	-	36,723	-	36,723
Interest income	(1)	(4)	(2)	(6)
Interest expense	26,662	23,338	83,679	56,917
Net foreign exchange difference	17,994	2,928	16,385	(202)
Operating cash flows before working capital changes	7,247	(49,204)	(42,352)	(150,593)
Trade receivables	-	2,184	158	6,940
Other receivables	2,754	(11,877)	14,208	(4,507)
Inventories	-	1,353	-	8,992
Biological assets	6,992	15,687	8,425	28,287
Trade payables	(6,714)	(3,018)	(1,171)	(11,989)
Other payables	(26,606)	20,138	(22,937)	(6,282)
Cash used in operations	(16,327)	(24,737)	(43,669)	(129,152)
Interest received	1	4	2	6
Interest paid	(487)	(430)	(487)	(1,827)
Income taxes paid	-	148	(49)	-
Cash flows used in from operating activities	(16,813)	(25,015)	(44,203)	(130,973)
Investing activities				
Purchase of property, plant and equipment	(477)	(65)	(477)	(14,625)
Proceeds from disposal of property, plant and equipment	(1,137)	(1,598)	6,763	5,227
Proceeds from disposal of prepaid lease	11,157	6,851	11,157	14,498
Cash flows used in investing activities	9,543	5,188	17,443	5,100
Financing activities				
Proceeds from issuance of shares	-	9,907	-	116,422
Proceeds on loan from investors	8,492	8,904	25,907	30,407
Repayment of borrowings	-	(10,027)	-	(19,879)
Cash flows from financing activities	8,492	8,784	25,907	126,950
Net increase (decrease) in cash and cash equivalent	1,222	(11,043)	(853)	1,077
Cash and cash equivalent at beginning of the period	3,456	16,574	5,531	4,454
Cash and cash equivalents at end of the period	4,678	5,531	4,678	5,531

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

	12 months ended	
	31/12/2014 RMB'000	31/12/2013 RMB'000
Cash and bank balances	4,678	5,531

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 2013	2,202,268	(1,137,504)	(12,482)	107,092	39,262	(902,746)	295,890	-	295,890
Loss for the period	-	-	-	-	-	(444,662)	(444,662)	-	(444,662)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	40,224	-	-	-	40,224	-	40,224
Total comprehensive income/(loss) for the period	-	-	40,224	-	-	(444,662)	(404,438)	-	(404,438)
Shares issued pursuant to right issue	142,187	-	-	-	-	-	142,187	-	142,187
Exercise of convertible warrant	29,230	-	-	(5,441)	-	-	23,789	-	23,789
Balance as at 31 December 2013	2,373,685	(1,137,504)	27,742	101,651	39,262	(1,347,408)	57,428	-	57,428
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)

	<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
The Company						
Balance as at 1 Jan 2013	2,202,268	11,229	15,932	107,092	(708,785)	1,627,736
Loss for the period	-	-	-	-	(1,405,859)	(1,405,859)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	(16,644)	-	-	(16,644)
Total comprehensive income/(loss) for the period	-	-	(16,644)	-	(1,405,859)	(1,422,503)
Share issued pursuant to right issue	142,187	-	-	-	-	142,187
Exercise of convertible warrant	29,230	-	-	(5,441)	-	23,789
Balance as at 31 December 2013	2,373,685	11,229	(712)	101,651	(2,114,644)	371,209
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

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.

As of 31 December 2014, there were 1,018,565,587 outstanding warrants. If all the outstanding warrants were converted to shares, there will be 4,656,507,134 shares issued.

The Company did not have any treasury shares as at 31 December 2014.

(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 2014 is 3,637,941,547 shares (31 December 2013: 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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
a) EPS based on weighted average number of shares (RMB cents/ share)	(1.53)	(5.99)	(5.37)	(14.45)
b) EPS based on fully diluted basis (RMB cents/ share)	(1.53)	(5.99)	(5.37)	(14.45)
Weighted average number of shares applicable to earnings per share	3,637,941,547	3,637,941,547	3,637,941,547	3,077,117,942
Weighted average number of shares fully diluted basis	3,637,941,547	3,637,941,547	3,637,941,547	3,077,117,942

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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset value per ordinary share based on issued share capital as at end of the period (RMB cents/share)	(2.90)	1.58	8.08	10.20

Net asset value for the Group and the Company as at 31 December 2014 and 31 December 2013 are computed based on 3,637,941,547 at the end of the financial period under review.

The negative net asset value was mainly caused by the impairment on unutilised farms to date, amounting to RMB55 million and some of non cash items such as depreciation expense and notional interest on convertible loan amounting to RMB64.5 million and RMB56.9 million respectively also resulted the negative net assets for the 12M 2014.

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 2014 Adjusted EBITDA* is a loss of RMB10.3 million.

In RMB'000	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013
Net loss	(55,625)	(70,649)	(52,071)	(17,138)	(217,857)
Add/(deduct)					
Income tax	-	1	-	48	(17,866)
Depreciation	15,989	16,302	16,160	16,034	20,481
Amortisation of prepaid lease	149	153	168	159	172
Interest expense	26,662	19,667	26,378	10,972	23,339
EBITDA	(12,825)	(34,526)	(9,365)	10,075	(191,731)
Allowance for doubtful trade receivables	-	-	-	-	1,016
Foreign exchange (gain)/loss	3,213	9,273	(2,648)	(9,193)	19,348
Impairment loss on property plant and equipment	-	-	-	-	35,563
Write off of property plant and equipment	-	-	-	-	81,808
Impairment loss on prepaid lease	-	-	-	-	2,123
(Reversal) Impairment loss on construction work in progress	(1,520)	-	-	-	-
(Reversal)/Write-down in value of inventories, net	(1,026)	-	-	-	1,175
Bad debt recovered	(1,030)	-	-	-	-
Fair value loss on financial derivatives	-	-	-	-	36,723
Adjusted EBITDA	(13,188)	(25,253)	(12,013)	882	(13,975)

*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 RMB7.4 million or 47% from RMB15.7 million in 4Q 2013 to RMB8.3 million in 4Q 2014. The Company took risk measure by keeping minimal biological assets level in view of the substantial impact of frugality measures imposed by China government.

The Group reported an YTD loss of RMB195.4 million against loss of RMB444.6 million for the same period last year. The favorable variance of RMB254 million was mainly due to:

- (1) Direct Production Costs refer to Feed, Electricity and Staff costs. Direct Production Cost for the 12 months ended 31 December 2014 amounted to RMB35.3 million. This is RMB65.2 million or 65% lower as compared to the same period last year. Whilst the decrease appears to be directly due to a lower abalone population and cost cutting measures.
- (2) Foreign currency loss reduced substantially as compared to same period last year was as a result of RMB strengthening against SGD as at 31 December 2014, i.e. SGD1:RMB4.65 as compared to 31 December 2013 i.e. SGD1:RMB4.82.
- (3) Other operating expenses for the 12 months ended 31 December 2014 of RMB24 million. This is RMB45.5 million or 65% lower as compared to same period last year.

- (4) Other operating income for the 12 months ended 31 December 2014 comprising gain on disposal of assets amounted to RMB22.5 million classified under discontinued operations segment.

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

Live Marine Products

Biological Assets: standing population & valuation as at 31 December 2014

I. Total Population (figures expressed in Thousands)

Sizes:

	Total	
	Unit '000	RMB'000
Large Size (5.8-8.2cm)	8	16
Medium Size (3.8-5.7cm)	-	-
Smaller Size (2.0-3.7cm)	84	25
Uncaged (Approximate)	50,000	-
	50,092	41

Uncaged - relates to year 2014 cohort with sizes below 2cm and they are valued at zero value.

<u>II. Caged Abalone Population (in '000 units)</u>	<u>4Q 2014</u>	<u>4Q 2013</u>	<u>Favourable /(Adverse)</u>
- Larger sizes (5.8cm and above)	8	79	(90%)
- Medium sizes (3.8-5.7cm)	-	5,381	(100%)
- Smaller sizes	84	50,216	(100%)
Total Abalones	<u>92</u>	<u>55,676</u>	(100%)
 <u>III. Tanks Utilized</u>			
No. of Juvenile tanks used	1,142	6,107	(81%)
No. of Grow-out tanks used	16	1,438	(100%)
	<u>1,158</u>	<u>7,545</u>	(85%)

The new management was taking over the production late in this quarter hence no full breeding cycle was done.

The new management reviews the quality of the abalone upon taking over and sold most of the grow-out abalone in view of its quality issues, cost cutting and lack of price competitiveness.

The juvenile abalone bred in this quarter, which valued at zero, will be sold in coming March 2015. Only top quality juvenile abalone are retained. This will substantially shorten the product life cycle, improve operation's cash flow and maximize the cost efficiency.

The freed up tanks will be used for other joint ventures, such as prawn and fish farming.

Note: the population mix is one of the key production cost drivers.

Live Marine Products (cont'd)

	3 months ended		Favourable /(Adverse) %	12 months ended		Favourable /(Adverse) %
	31/12/2014 RMB'000	31/12/2013 RMB'000		31/12/2014 RMB'000	31/12/2013 RMB'000	
External sales	7,833	15,991	-51%	9,267	33,418	-72%
(Loss)/Gain on fair value	(3,002)	10,428	NM	(11,440)	(12,255)	7%
Other operating income	452	2,042	-78%	896	7,579	-88%
Feed used	(34)	(2,888)	99%	(10,569)	(33,974)	69%
Electricity and fuel	457	(7,645)	NM	(9,565)	(27,698)	65%
Staff costs	1,987	(7,372)	NM	(7,086)	(31,956)	78%
Depreciation	(15,989)	(20,285)	21%	(64,485)	(78,556)	18%
Foreign exchange gain/(loss)	11,704	3,341	>100%	19,281	19,515	-1%
Impairment loss on property, plant and equipment	-	(33,166)	100%	-	(51,004)	100%
Property, plant and equipment written off	-	(80,964)	100%	-	(80,964)	100%
Loss on disposal of Property, plant and equipment	(1,641)	-	-100%	(1,641)	-	-100%
Other operating expenses	(541)	(8,779)	94%	(8,721)	(19,209)	55%
Finance cost	(487)	(338)	-44%	(487)	(338)	-44%
Net loss before tax	<u>(7,094)</u>	<u>(145,626)</u>	95%	<u>(93,817)</u>	<u>(308,860)</u>	70%

Sales for Live marine products for the 12 months ended 31 Dec 2014 were RMB9.2 million representing a 72% decrease from the same period last year.

Direct Production Costs refer to Feed, Electricity and Staff costs. Direct Production Cost for the 12 months ended 31 December 2014 amounting to RMB27.2 million and is RMB66.4 million or 71% lower than that in same period last year. The decrease was as a result of cost cutting measures and decreasing grow out abalone population.

Loss on disposal of Property, plant and equipment refer to disposal of 2 unusable farms in Huilai and Fotan region.

Other operating expenses consists mainly security fee, consumables and professional fee amounting to RMB4.5 million, RMB2.1 million and RMB1.1 million respectively.

GROUP OPERATING ITEMS

Other operating income

Other operating income mainly attributed to gain on disposal of discontinued processing plant amounting to RMB22.5 million.

(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 RMB100 million from RMB567.5 million at 31 December 2013 to RMB 467.5 million at 31 December 2014. This movement is attributable to the following:-

1. **Biological assets**, most of the grow-out abalone has been sold in this quarter in view of the quality issues, cost cutting and lack of price competitiveness
2. **Property, plant and equipment** decreased by RMB72.4 million from RMB510.5 million as at 31 December 2013 to RMB438.2 million as at 31 December 2014. The decrease was due to depreciation for the 12 months ending 31 December 2014 and disposal of 2 unusable farms.

Total current liabilities, a total of RMB420.3 million of convertible loan and derivatives have been reclassified from non-current liabilities in view of its maturity date less than a year. This amount will be reclassified back to non-current liabilities upon the Proposed Restructuring becoming effective.

In addition, we also saw an increase in loan from investors of RMB24.5 million for working capital usage and an increase of interest payable arising from outstanding convertible loan of RMB17.6 million as of 31 December 2014. The increase was offset against net repayment to other payables and reversal of accruals totaling to RMB20.3 million.

Non-current liabilities, a reclassification of RMB 420.3 million to current liabilities in accordance to its maturity date less than one year, this amount will be reclassified back to non-current liabilities upon the Proposed Restructuring becoming effective.

Total equity decreased by RMB163 million to negative RMB105.5 million as of 31 December 2014. This was due to 12M 2014 losses, the losses were offset against the increase in translation reserve.

REVIEW OF CASH FLOW STATEMENT

The Group generated a negative cash flow of RMB0.8 million for the 12 months ended 31 December 2014. In this quarter, the Group has received additional RMB8.4 million loans from investors and RMB11.1 million from disposal of 2 unusable prepaid leases. 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

While the government austerity drive has kept the consumption demand in China for abalones in check, the market prices of juveniles and to a lesser extent the grown abalones have risen. This is largely due to the consolidation of abalone farming in the past 2 years in response to poor market demands and prices, thereby creating a shortage of supply.

The Company underwent a series of tough cost-cutting and improving productivity under the new CEO and his team. Operations were streamlined and farms reduced to focus, in the initial phase, on the breeding of juveniles for sale. As a result, the sale cycle is shortened. This will significantly reduce cost and improve cash flow in the coming year.

Oceanus is working with an Australian processor for the supply of abalone meat for canning and making dried abalones. The Company will be purchasing full-grown abalones from the sea farmers growing its juveniles to supply the processor. At the same time, it will also be launching its canned abalones under its own brand as well as OEM under other brands.

The Group continues to explore and work with technology partners and global aquaculture groups on possible joint ventures to diversify the Group into other high value seafood, including mergers and acquisitions to value add to its business. In this regard, the Group has recently signed a MOU with a technology partner for a joint venture on breeder prawns. The project is expected to start later this year.

Finally, the Group is awaiting SGX approval to its application for additional listing shares to raise S\$30 million which was mentioned in the last quarter financial report as well as announced via SGXNet.

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/recommendeded, 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).

There was no 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 for the financial year ended 31 December 2014.

BY ORDER OF THE BOARD

Ng Cher Yew
Executive Chairman
27 February 2015