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

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2019 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		Increase / (Decrease)	6 months ended (YTD)		Increase / (Decrease)
	30/6/2019	30/6/2018		30/6/2019	30/6/2018	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Profit and Loss						
Revenue	15,528	4,286	262%	19,238	9,775	97%
Cost of goods	(12,028)	(1,053)	1042%	(15,061)	(2,432)	519%
Total Gross Profit	3,500	3,233	8%	4,177	7,343	-43%
Gain/(Loss)from changes in fair value less cost to sell of bio assets	(2,143)	643	-433%	(818)	(681)	20%
Other operating income	850	180	372%	1,506	623	142%
Other operating expenses	(5,479)	(3,181)	72%	(9,976)	(6,542)	52%
Operating Profit/(Loss)	(3,272)	875	-474%	(5,111)	743	-788%
Non-Operating						
Other non-operating income	-	2,266	-100%	-	2,266	-100%
Impairment of investment in subsidiary/Disposal	(457)	-	0%	(232)	-	0%
Foreign exchange gain/(loss)	9,672	1,331	627%	4,848	(479)	-1112%
Profit/(Loss) for discontinued operations	126	9,839	-99%	575	4,770	-88%
EBITDA	6,069	14,311	-58%	80	7,300	-99%
Depreciation	(4,817)	(1,368)	252%	(6,247)	(2,735)	128%
Profit before income tax	1,252	12,943	-90%	(6,167)	4,565	-235%
Income tax expense	-	-	0%	-	-	0%
Profit for the period	1,252	12,943	-90%	(6,167)	4,565	-235%

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

	3 months ended		6 months ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	RMB'000	RMB'000	RMB'000	RMB'000
Comprehensive Income				
Profit/(Loss) for the period	1,252	12,943	(6,167)	4,565
Other comprehensive income				
Exchange differences on translation of foreign operations	(2,443)	(10,551)	1,099	(3,713)
Total comprehensive income for the period	(1,191)	2,392	(5,068)	852
Total comprehensive profit/(loss) attributable to:				
Owners of the Company	(1,957)	2,440	(5,515)	888
Non-controlling interests	766	(48)	447	(36)
	(1,191)	2,392	(5,068)	852

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	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
Balance Sheet	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
<u>Current assets</u>				
Cash and bank balances	88,454	96,606	33,837	16,382
Trade receivables	8,046	3,558	-	-
Other receivables	12,008	14,973	13,130	30,692
Inventories	2,991	3,580	-	-
Biological assets	4,793	5,328	-	-
	116,292	124,045	46,967	47,074
<u>Non-current assets</u>				
Property, plant and equipment	71,176	76,848	287	289
Prepaid leases	2,172	2,203	-	-
Investment in subsidiaries	-	-	81,498	81,494
Other investment	1,168	-	-	-
Goodwill on consolidation	4,392	2,482	-	-
	78,908	81,533	81,785	81,783
Total assets	195,200	205,578	128,752	128,857
Liabilities and Equity				
<u>Current liabilities</u>				
Trade payables	15,485	9,672	-	-
Other payables	46,062	56,510	113,642	113,644
Loans and borrowings	3,414	3,395	3,414	3,395
Current tax payable	23,948	23,948	-	-
	88,909	93,525	117,056	117,039
<u>Non-current liabilities</u>				
Deferred tax liabilities	51	-	-	-
	51	-	-	-
Total liabilities	88,960	93,525	117,056	117,039
<u>Capital and reserves</u>				
Share capital	2,794,067	2,794,067	2,794,067	2,794,067
Capital reserve	(1,122,427)	(1,120,438)	28,295	28,295
Currency translation reserve	7,273	6,174	(9,024)	(8,635)
Statutory reserve	39,262	39,262	-	-
Accumulated losses	(1,615,165)	(1,610,588)	(2,801,642)	(2,801,909)
Equity attributable to equity holders of the Company	103,010	108,477	11,696	11,818
Non-controlling interests	3,230	3,576	-	-
Total equity	106,240	112,053	11,696	11,818
Total liabilities and equity	195,200	205,578	128,752	128,857

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	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	RMB'000	RMB'000	RMB'000	RMB'000
Cash Flows				
Cash Flows from Operating Activities				
Profit/(Loss) before income tax	1,251	12,943	(6,167)	4,565
Adjustments for:	-	-		
(Gain)/loss arising from changes in fair value less cost to sell of biological assets	2,143	(643)	818	681
Depreciation of property, plant and equipment	4,817	1,368	6,247	2,735
(Gain)/loss on disposal of property, plant and equipment	-	(793)	-	(793)
Amortisation of prepaid leases	16	3,707	31	3,781
Unrealised currency (gain)/loss	(9,685)	-	(4,861)	-
Interest income	-	(327)	-	(620)
Net foreign exchange difference	-	(10,835)	-	(3,550)
Operating profit/(loss) before working capital changes	(1,458)	5,420	(3,932)	6,799
Change in trade receivables	(2,985)	(271)	(2,451)	(518)
Change in other receivables	6,347	(114)	5,376	(272)
Change in inventories	203	(68)	(99)	(25)
Change in biological assets	(39)	-	(283)	(420)
Change in trade payables	4,995	(1,173)	5,793	(1,069)
Change in other payables	(15,070)	(7,922)	(15,639)	(12,536)
Cash used in/(from) operations	(8,007)	(4,128)	(11,235)	(8,041)
Interest received	-	327	-	620
Net cash used in/(from) operating activities	(8,007)	(3,801)	(11,235)	(7,421)
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	-	-	-	(251)
Proceeds from disposal of property, plant and equipment	(37)	-	(102)	-
Disposal of subsidiary	(827)	-	(827)	-
Net effect on Acquisition of Subsidiary	646	-	-	-
Acquisition of Subsidiary/other investment	(899)	-	(2,039)	-
Net cash generated/(used in) from investing activities	(1,117)	-	(2,968)	(251)
Cash Flows from Financing Activities				
Capital contributions from NCI in a subsidiary	614	-	-	120
Net cash (used in)/generated from financing activities	614	-	-	120
Net increase (decrease) in cash and cash equivalent	(8,510)	(3,801)	(14,203)	(7,552)
Effect of cash and cash equivalent denominated in foreign currency	6,306	505	6,051	(223)
Cash and cash equivalent at beginning of the period	90,658	109,685	96,606	114,164
Cash and cash equivalents at end of the period	88,454	106,389	88,454	106,389

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.

Group	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
At 1 January 2019	2,794,067	(1,120,438)	6,174	-	39,262	(1,610,588)	108,477	3,576	112,053
		(1,989)				1,989	-	-	-
Issue of new shares	-	-	-	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	(745)	(745)
Profit/(Loss) for the period	-	-	-	-	-	(6,566)	(6,566)	399	(6,167)
Other comprehensive income									
Foreign currency translation	-	-	1,099	-	-	-	1,099	-	1,099
Total comprehensive income/(loss) for the period	-	-	1,099	-	-	(6,566)	(5,467)	399	(5,068)
At 30 June 2019	2,794,067	(1,122,427)	7,273	-	39,262	(1,615,165)	103,010	3,230	106,240
At 1 January 2018	2,794,067	(1,120,438)	13,294	-	39,262	(1,615,474)	110,711	829	111,540
Adjustment for reserve	-	-	-	-	-	-	-	-	-
Issue of new shares	-	-	-	-	-	-	-	-	-
Non-controlling interest acquisition of a subsidiary	-	-	-	-	-	-	-	120	120
Profit/(Loss) for the period	-	-	-	-	-	4,601	4,601	(36)	4,565
Other comprehensive income									
Foreign currency translation	-	-	(3,713)	-	-	-	(3,713)	-	(3,713)
Total comprehensive income/(loss) for the period	-	-	(3,713)	-	-	4,601	888	(36)	852
At 30 June 2018	2,794,067	(1,120,438)	9,581	-	39,262	(1,610,873)	111,599	913	112,512

Company	Share capital	Capital reserve	Currency translation reserve	Warrant reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	2,794,067	28,295	(8,635)	-	(2,801,909)	11,818
Issue of new shares	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	267	267
Other comprehensive income						
Foreign currency translation	-	-	(389)	-	-	(389)
Total comprehensive income/(loss) for the period	-	-	(389)	-	267	(122)
At 30 June 2019	2,794,067	28,295	(9,024)	-	(2,801,642)	11,696
At 1 January 2018	2,794,067	28,295	(6,215)	-	(2,800,196)	15,951
Adjustment for reserve	-	-	-	-	-	-
Issue of new shares	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	(860)	(860)
Other comprehensive income						
Foreign currency translation	-	-	173	-	-	173
Total comprehensive income/(loss) for the period	-	-	173	-	(860)	(687)
At 30 June 2018	2,794,067	28,295	(6,042)	-	(2,801,056)	15,264

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.

Following the completion of the debt restructuring on 26 December 2017, there are no outstanding warrants as of 30 June 2019.

The Company does not have any treasury shares as at 30 June 2019

(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 2019 is 24,296,921,463 shares (31 December 2018: 24,296,921,463 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 2017.

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 (YTD)	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
a) EPS based on weighted average number of shares (RMB cents/share)	0.01	0.05	(0.02)	0.02
b) EPS based on fully diluted basis (RMB cents/share)	0.01	0.05	(0.02)	0.02
Weighted average number of shares applicable to earnings per share	24,296,921,463	24,296,921,463	24,296,921,463	24,296,921,463
Weighted average number of shares fully diluted basis	24,296,921,463	24,296,921,463	24,296,921,463	24,296,921,463

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	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
Net asset value per ordinary share based on issued share capital as at end of the period (RMB cents/share)	0.42	0.45	0.05	0.05

Net asset value for the Group and the Company as at 30 June 2019 and 31 December 2018 are computed based on 24,296,921,463 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.

For the six-month financial period ended 30 June 2019 ("1H 2019"), the Group generated total revenue amounting to RMB19.2 million, a RMB9.4 million increase from RMB9.8 million recorded in the corresponding period of the preceding financial year ("1H 2018). This is mainly due to the new revenue streams contributed by Alps Group Pte Ltd ("**Alps Group**"), AP Media Pte Ltd ("**AP Media**") as well as Oceanus Feed Pte Ltd ("**Oceanus Feed**").

The Group continues to forge ahead with its strategy to increase its capabilities across the four key pillars of growth – Aquaculture, Distribution, Service and Innovation. The Group’s overall revenue increase was largely attributable to contributions from its Distribution and Services segments.

The Group’s Distribution segment generated total revenue amounting to RMB11.7 million in 1H 2019, which represents a RMB11.7 million (or 167.1 times) increase from RMB0.07 million recorded in the corresponding period of 1H 2018. This is mainly attributed to the Group’s establishment of its animal feed trading arm, Oceanus Feed, in April 2019. Other key contributors of this segment’s revenue in 1H 2019 includes Alps Group that was acquired in December 2018.

The Group’s services segment recorded a growth in revenue to RMB5.2 million in 1H 2019 as compared to RMB0.6 million in 1H 2018 lifted by contributions from the newly-acquired media and marketing consulting arm, AP Media, and existing aquaculture consultancy offered by Oceanus Tech Pte Ltd (“**Oceanus Tech**”).

The higher other operating expenses including non-cash items - depreciation, amortisation, interest expense, were more than offset by increased unrealised exchange gain/loss. However, due to a significant increase in cost of goods sold resulting from increased trading volume on a year-on-year basis, the Group derived an EBITDA of RMB0.08 million for 1H 2019, as compared to an EBITDA of RMB7.3 million for the same period last year. The Group will continue to optimise the cost structures of its new businesses to improve margin efficiencies.

Despite increased revenue from the Group’s non-core segment, 1H 2019 registered an overall net loss of RMB6.1 million (net profit of RMB4.5 million in 1H 2018) mainly due to a reduction in contributions from the aquaculture pillar as a result of lower sales – a deliberate decision to hold back in anticipation of an expected increase in prices of juvenile abalones. The Group will continue to monitor market conditions so as to optimise sales prices achieved, as well as control direct production expenses and improve the efficiency of use of resources for its hatchery segment.

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

The Group is in a **net asset** positive position of RMB106.2 million as at 30 June 2019.

Total assets of the Group decreased by RMB10.4 million from RMB205.6 million as at 31 December 2018 to RMB195.2 million as at 30 June 2019. This decrease is mainly attributed to the depreciation charges for this quarter and a decrease in cash and bank balances.

Total current liabilities decreased to RMB88.9 million as at 30 June 2019, RMB4.6 million lower than the RMB93.5 million recorded as at 31 December 2018.

Non-current liabilities increased by RMB0.05 million for deferred tax liabilities as at 30 June 2019 due to the acquisition of AP Media.

Total equity increased to RMB106.2 million as at 30 June 2019, compared to RMB112.1 as at 31 December 2018.

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash outflow of RMB8.5 million, resulting in positive closing cash balance of RMB88.4 million for the six months ended 30 June 2019.

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.

In line with the Group's intention to expand its business model beyond being a "one product, one country" company, Oceanus is prudently building an ecosystem of synergistic businesses across the aquaculture value chain beyond its farming business. To better reflect its business direction, Oceanus has reorganised the Group's businesses into four key growth pillars – Aquaculture, Distribution, Services and Innovation. Recognising aquaculture as a cornerstone of Oceanus' business, synergistic businesses were brought together – this not only creates new and diversified revenue streams, it also allows cross-fertilisation of business opportunities. These businesses are also highly scalable and will form the building blocks to Oceanus' growth. While they work seamlessly together, each entity is fully accountable for its financial performance, ensuring that all entities are working towards a common objective to enhance shareholder value.

The Group is pleased that its recent acquisitions are topline accretive, as reflected in this quarter's revenue growth. While these businesses aggressively seek to improve its financial performance, a gestation period is required for the Group to refine the business models and optimise its cost structures for better margin efficiencies.

In the mid-term, the Group expects the Distribution (comprising the FMCG and trading businesses) and Services (offers marketing and aquaculture consultancy solutions) segments to be the key financial growth drivers, as it continues to diversify revenue streams for the Aquaculture segment beyond its transformed Hatchery business. The Group is currently conducting feasibility studies to ensure the long-term business sustainability of this land parcel. In China, Oceanus intends to incorporate a leasing arm to monetise unused farm plots in Fujian. Meanwhile, Oceanus continues to work with its partners under the Innovation pillar to pursue cutting-edge aquaculture R&D to remain ahead of the curve.

With regards to the SGX-ST watch list under the Financial Entry Criteria, the Company has applied for extension of time on 29 July 2019 to fulfil the Financial Exit Criteria by 14 Oct 2019.

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 period in view of the Group's current accumulated losses position as at 30 June 2019.

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. 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 2019 to be false or misleading in any material respect.

15. 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.

BY ORDER OF THE BOARD

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

13 Aug 2019