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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 2013 in the Group’s Annual Report 2013 (the “**Audited Financial Statements**”) and the announcement on the unaudited financial statements for the financial year ended 31 December 2013 on 28 February 2014 (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 three areas:

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

The valuation reports of the above items were issued after 28 February 2014 or after the announcement of the full year unaudited results.

A comparison of audited results and unaudited results for the financial year ended 31 December 2013 is set out as below:

CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Audited Results	Unaudited Results	Difference		Note
	RMB'000	RMB'000	RMB'000	%	
Sales of frozen marine products	7,919	7,614	305	4%	PL1
Loss arising from changes in fair value					
less estimated point-of-sale costs	(12,255)	(6,170)	(6,085)	99%	PL2
Other operating income	7,579	8,510	(931)	-11%	PL3
Raw material and consumables	(7,817)	(7,614)	(203)	3%	PL4
Feed used	(33,973)	(33,346)	(627)	2%	PL5
Electricity, fuel and water	(27,699)	(26,257)	(1,442)	5%	PL5
Staff costs	(38,830)	(38,439)	(391)	1%	PL5
Depreciation	(78,694)	(75,886)	(2,808)	4%	PL6
Foreign exchange (loss)/gain	(22,105)	229	(22,334)	>-100%	PL7
Reversal/(Allowance) for doubtful trade receivables	-	4,413	(4,413)	-100%	PL8
Reversal/(Impairment) loss on property, plant and equipment	(53,401)	(31,365)	(22,036)	70%	PL9
Property, plant and equipment written off	(81,808)	-	(81,808)	100%	PL9
Impairment loss on prepaid lease	(1,226)	-	(1,226)	100%	PL10
Fair value loss on financial derivatives, net	(32,837)	-	(32,837)	100%	PL11
Other operating expenses	(36,723)	(31,556)	(5,167)	16%	PL12
Finance cost	(56,514)	(35,548)	(20,966)	59%	PL13
Loss before tax	(468,384)	(265,415)			
Income tax	17,866	-	17,866	100%	PL14
Loss for the year from continuing operations	(450,518)	(265,415)			
Discontinued operations					
Profit for the year from discontinued operations	5,856	76	5,780	76	PL15
Loss for the year	(444,662)	(265,339)			

Explanatory Notes - Income Statement

A) Adjustments to fair value subsequent to completion of independent valuation reports amounted to RMB163.2 m are mainly due to:

- PL2. Biological assets saw a decline in fair value of RMB5.7 m based on an independent valuation report and reclassification of RMB0.3 m to sale of other frozen marine product.
- PL9. PPE located at two locations in PRC was impaired by RMB53.4m, based on the lower of value-in-use and carrying value, according to independent valuations conducted. The initial recognition of impairment loss amounting to RMB31.4m has been reclassified as written off of PPE. A further RMB49.3 m of PPE in one location was written off due to damages caused by typhoon usage in September 2013.
- PL10. Impairment loss of prepaid lease amounting to RMB1 m, consequential effect, of the independent valuation report as stated in PL 9 above.
- PL11. Recognition of fair value loss on derivative liability (redemption premium) amounting to RMB32.8 m.
- PL13. Adjustment on fair value of convertible bond as at year-end, resulting in an additional RMB21 m of notional interest to be accrued at year-end.

B) Reclassification amounting to RMB0.3 m is mainly due to:

- PL1. A sale of other frozen marine product was reclassified from loss arising from changes in fair value less estimated point-of-sale costs amounting to RMB0.3 m.

C) Other minor audit adjustments:

- PL3. An allowance for impairment loss of trade receivable amounting to approximately RMB1 m was recognized to offset against reversal of doubtful debts disclosed under other operating income.
- PL4. Raw material, consumables had been adjusted by RMB0.2 m due to year end purchase cut off differences.
- PL5. Adjustments to Direct Production Costs are as follows:
 - i) Feed costs increased by RMB0.6 m due to understated in FY2013 Unaudited Results.
 - ii) Electricity, fuel and water expenses increased by RMB1.4 m due to understated in FY2013 Unaudited Results.
 - iii) Staff costs increased RMB0.4 m mainly due to net adjustment of staff costs accrual of RMB0.7 m offset against reclassification of RMB0.3m staff costs relating to processed marine product segment to discontinue operation under separate disclosure.
- PL6. Increase is mainly due to additional depreciation charge to those CWIP which completed and ready for use in Financial Year 2013.
- PL7. Foreign exchange differences arose mainly from revaluation on inter-company loan and advances.
- PL8. Reversal of doubtful debt related to discontinued operations has been reclassified to discontinued operations. (see PL15)
- PL12. Adjustments to Other Operating Expenses are mainly due to the followings
 - i) Recognition of bad debts written off for other receivables amounting to RMB0.9 m;
 - ii) Adjustment of loss on disposal of PPE amounting to RMB1.7 m;
 - iii) Impairment of suspended CWIP amounting to RMB2 m;
 - iv) CWIP written off relating to farms acquired by government during the year amounting to RMB0.4 m.
- PL14. Adjustments to income tax expense are as follows:
 - i) Deferred tax liability relating to convertible bonds reversed to PL, shown as tax credit of approximately RMB4.9m; and
 - ii) Reversal of RMB12.7m relating to over provision of taxation in prior years.
- PL15. Discontinued Operation's profit increased by RMB5.7 m mainly due to processed marina products segment has been classified as discontinued operation; therefore, its profit and loss has to be disclosed separately under section distinct from continuing operations. In addition, there was recognition of impairment loss for slow moving stocks amounting to RMB1.2 m.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Audited Results	Unaudited results	Difference	Note
	RMB'000	RMB'000	RMB'000	
ASSETS				
Current Assets				
Cash and bank balances	5,531	5,555	(24)	immaterial
Trade receivables	5	1,021	(1,016)	BS1
Other receivables	16,394	15,800	594	BS2
Prepaid lease	647	647	-	
Inventories	-	1,175	(1,175)	BS3
Biological assets	19,906	25,686	(5,780)	BS4
Total current assets	<u>42,483</u>	<u>49,884</u>		
Non-current assets				
Property, plant and equipment	510,557	617,739	(107,182)	BS5
Prepaid lease	14,498	15,724	(1,226)	BS6
Total non-current assets	<u>525,055</u>	<u>633,463</u>		
Total assets	<u>567,538</u>	<u>683,347</u>		
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	16,347	15,719	628	BS7
Other payables	71,915	71,077	838	BS8
Advance from customers	2,015	2,015	-	
Income tax	23,948	36,662	(12,714)	BS9
Loans and borrowings	12,016	11,016	1,000	BS10
Total current liabilities	<u>126,241</u>	<u>136,489</u>		
Non-current liabilities				
Convertible loan	254,746	230,598	24,148	BS11
Derivative liabilities	123,082	89,529	33,553	BS11
Deferred taxes	6,041	10,977	(4,936)	BS12
Total non-current liabilities	<u>383,869</u>	<u>331,104</u>		
Total liabilities	<u>510,110</u>	<u>467,593</u>		
Capital and reserves				
Share capital	2,373,685	214,402	2,159,283	BS13
Capital reserve	(1,137,504)	1,021,779	(2,159,284)	BS13
Statutory reserve	39,262	39,262	-	
Currency translation reserve	27,742	5,520	22,222	BS14
Warrant reserve	101,651	102,876	(1,225)	BS11
Accumulated (losses)/profits b/f	(902,746)	(902,746)	-	
Current period (losses)/profits	(444,662)	(265,339)	(179,323)	net effect from various adjustments
Total equity	<u>57,428</u>	<u>215,754</u>		
Total liabilities and equity	<u>567,538</u>	<u>683,347</u>		

Explanatory Notes – Statement of financial position

A) Adjustments to fair value subsequent to completion of independent valuation reports:

- BS4. Please see explanation in PL2.
- BS5. Adjustments for PPE were as follows:
- i) Impairment of PPE located at sea based farms amounting to RMB17 m;
 - ii) Impairment of PPE located at two locations in PRC amounting to RMB35 m based on the independent valuation report;
 - iii) Additional Written off of PPE in one branch in PRC, being cost of damages caused by typhoon usagi amounting to RMB49.3 m;
 - iv) Impairment of motor vehicles amounting to RMB0.6 m;
 - v) Impairment for CWIP without movement as at 31/12/13 amounting to RMB 2 m;
 - vi) CWIP written off relating to farms acquired by government during the year amounting to RMB0.4 m;
 - vii) Depreciation charge for completed CWIP during the year amounting RMB2.2 m.
 - viii) Adjustment for disposal of PPE amounting to RMB0.4m.
- BS6. Please refer to PL10.
- BS11. Changes in convertible loan, derivative liability and warrants reserve were due to adjustments according to valuation report. Please refer to PL11 & PL13.

B) Reclassifications:

- BS2. Reclassification of RMB0.9 m from other payables (see BS8) which had been subsequently written off, in addition, there was an adjustment of foreign exchange revaluation amounting to RMB0.6 m.
- BS13. Reversal of prior year reclassifications of the legal parent's issued share capital to capital reserve resulted from the reverse takeover acquisition in 2008.

C) Other minor audit adjustments:

- BS1. There was an impairment of long outstanding debts amounting to RMB1 m.
- BS3. This was due to impairment of slow moving stocks of discontinued operations.
- BS7. Changes in Trade Payables due to accrual of additional feed costs. Refer to PL5.
- BS8. Adjustments for other payables were mainly due to the followings:
- i) Additional accrual for electricity, fuel and water expenses amounting to RM1.6 m, refer to PL5.
 - ii) Additional accrual for social and security fund for employees in PRC amounting to RMB1.1m; refer to PL5; offset by
 - iii) Reclassification of RMB1 m to loan and borrowings (see BS10);
 - iv) Reclassification of RMB0.9 m to other receivables for better presentation.
- BS9. Changes in income tax due to adjustments as stated in PL14.
- BS10. Reclassification of borrowings from other payables (see BS8).
- BS12. Change in deferred tax liability due to adjustments as stated in PL14.
- BS14. Changes arose from the transaction rate versus year end rate after 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.

BY ORDER OF THE BOARD

Ng Cher Yew
Executive Chairman
13 June 2014