

FORM: Half yearly/preliminary final report

Name of issuer

Oceanethix International Holdings Limited

ACN or ARBN

161 170 707

Half yearly
(tick)

✓

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

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				\$HKD,000
Revenue (item 1.1)	NA	%	to	12,601
Profit (loss) for the period (item 1.9)	NA	%	to	2,410
Profit (loss) for the period attributable to members of the parent (item 1.11)	NA	%	to	2,410
Dividends				
Franking rate applicable:	Nil			Previous corresponding period NA
Final dividend (preliminary final report only)(item 10.13-10.14)				
Amount per security	Nil			NA
Franked amount per security	Nil			NA
Interim dividend (Half yearly report only) (item 10.11 –10.12)				
Amount per security	Nil			Nil
Franked amount per security	Nil			Nil
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
The company releases its first interim results after the company was listed on NSX in Aug 2013. The company does not propose any dividend for the half year ended 31 December 2013.				

Consolidated income statement *(The figures are not equity accounted)**(see note 3)**(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current period - \$HKD'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	12,601	-
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(10,190)	-
1.3 Finance costs	(1)	-
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	-	-
1.5 Profit (loss) before income tax	2,410	-
1.6 Income tax expense <i>(see note 4)</i>	-	-
1.7 Profit (loss) from continuing operations	-	-
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 Profit (loss) for the period	2,410	-
1.10 Profit (loss) attributable to minority interests	-	-
1.11 Profit (loss) attributable to members of the parent	2,410	-
1.12 Basic earnings per security <i>(item 9.1)</i>	0.86	-
1.13 Diluted earnings per security <i>(item 9.1)</i>	0.85	-
1.14 Dividends per security <i>(item 9.1)</i>	-	-

Comparison of half-year profits*(Preliminary final statement only)*

	Current period - \$HKD'000	Previous corresponding period - \$HKD'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>		
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year		

Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

Current assets		Current period - \$HKD'000	Previous corresponding period - \$HKD'000
3.1	Cash and cash equivalents	5,699	-
3.2	Trade and other receivables	6,066	-
3.3	Inventories	-	-
3.4	Other current assets (provide details if material)	-	-
3.5	Total current assets	11,765	-
Non-current assets			
3.6	Available for sale investments	-	-
3.7	Other financial assets	1,783	-
3.8	Investments in associates	-	-
3.9	Deferred tax assets	-	-
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	-	-
3.11	Development properties (mining entities)	-	-
3.12	Property, plant and equipment (net)	1,091	-
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	1,284	-
3.16	Other (provide details if material)	-	-
3.17	Total non-current assets	4,158	-
3.18	Total assets	15,923	-
Current liabilities			
3.19	Trade and other payables	4,777	-
3.20	Short term borrowings	-	-
3.21	Current tax payable	-	-
3.22	Short term provisions	-	-
3.23	Current portion of long term borrowings	-	-
3.24	Other current liabilities (provide details if material)	-	-
		4,777	-
3.25	Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)	-	-
3.26	Total current liabilities	4,777	-
Non-current liabilities		-	-

		Current period - \$HKD'000	Previous corresponding period - \$HKD'000
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	-	-
3.29	Long term provisions	2,050	-
3.30	Other (provide details if material)	-	-
3.31	Total non-current liabilities	2,050	-
3.32	Total liabilities	6,827	-
3.33	Net assets	9,096	-
	Equity		
3.34	Share capital	19,404	-
3.35	Other reserves	(4,532)	-
3.36	Retained earnings	(5,776)	-
	Amounts recognised directly in equity relating to non-current assets classified as held for sale		
3.37	Parent interest	-	-
3.38	Minority interest	-	-
3.39	Total equity	9,096	-

Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period – HKD\$'000	Previous corresponding period – HKD\$'000
Revenues recognised directly in equity:	12,601	-
Expenses recognised directly in equity:	(10,191)	-
4.1 Net income recognised directly in equity	2,410	-
4.2 Profit for the period	2,410	
4.3 Total recognised income and expense for the period		
Attributable to:		
4.4 Members of the parent	2,410	-
4.5 Minority interest	-	-
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):		
4.6 Members of the parent entity	-	-
4.7 Minority interest	-	-

Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

		Current period - \$HKD'000	Previous corresponding period - \$HKD'000
	Cash flows related to operating activities		
5.1	Receipts from customers	5,251	-
5.2	Payments to suppliers and employees	(5,146)	-
5.3	Interest and other costs of finance paid	(1)	-
5.4	Income taxes paid	-	-
5.5	Other (provide details if material)	-	-
5.6	Net cash used in operating activities	104	-
	Cash flows related to investing activities		
5.7	Payments for purchases of property, plant and equipment	(1,091)	-
5.8	Proceeds from sale of property, plant and equipment	-	-
5.9	Payment for purchases of equity investments	(12,718)	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Loans to other entities	-	-
5.12	Loans repaid by other entities	-	-
5.13	Interest and other items of similar nature received	-	-
5.14	Dividends received	-	-
5.15	Other (provide details if material)	-	-
5.16	Net cash used in investing activities	(13,809)	-
	Cash flows related to financing activities		
5.17	Proceeds from issues of securities (shares, options, etc.)	19,404	-
5.18	Proceeds from borrowings	-	-
5.19	Repayment of borrowings	-	-
5.20	Dividends paid	-	-
5.21	Other (provide details if material)	-	-
5.22	Net cash used in financing activities	19,404	-
	Net increase (decrease) in cash and cash equivalents		
5.23	Cash at beginning of period (see Reconciliations of cash)	-	-
5.24	Exchange rate adjustments to item 5.23	-	-
5.25	Cash at end of period (see Reconciliation of cash)	5,699	-

Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

	Current period \$HKD'000	Previous corresponding period \$HKD'000
6.1 Profit <i>(item 1.9)</i>	2,410	-
Adjustments for:		
6.2 Depreciation	-	-
6.3 Amortization	-	-
6.4 Impairment of assets	-	-
6.5 Increase/decrease in receivables	(9,133)	-
6.6 Increase/decrease in payables	6,827	-
6.7 Increase/decrease in		
6.8 Increase/decrease in		
6.9 Increase/decrease in		
6.10 Net cash from operating activities <i>(item 5.6)</i>	104	-

Notes to the financial statements

Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

	Current period - \$HKD'000	Previous corresponding period - \$HKD'000
Revenue	12,601	-
7.1 Total Revenue	12,601	-
Expenses	(10,191)	-
7.2 Total Expenses	(10,191)	-
Profit (loss) before tax	2,410	-

Ratios

	Current period	Previous corresponding period
Profit before tax / revenue		
8.1 Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	19.1%	-
Profit after tax / equity interests		
8.2 Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	12.4%	-

Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

	Current period - \$HK'000	Previous corresponding period - \$HK'000
Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	2,410	-
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	290,240,000	-

Dividends

- 10.1 Date the dividend is payable

NA

- 10.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

NA

- 10.3 If it is a final dividend, has it been declared?

(Preliminary final report only)

- 10.4 The *dividend or distribution plans* shown below are in operation.

NA

The last date(s) for receipt of election notices to the *dividend or distribution plans*

NA

- 10.5 Any other disclosures in relation to *dividends or distributions*

NA

Dividends paid or provided for on all securities*(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)*

	Current period - \$HKD'000	Previous corresponding period - \$HKD'000	Franking rate applicable
Dividends paid or provided for during the reporting period			
10.6 Current year interim	NA		
10.7 Franked dividends			
10.8 Previous year final			
10.9 Franked dividends			
Dividends proposed and not recognised as a liability			
10.10 Franked dividends			

Dividends per security*(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)*

	Current year	Previous year	Franking rate applicable
Dividends paid or provided for during the reporting period			
10.11 Current year interim	NA		
10.12 Franked dividends – cents per share			
10.13 Previous year final			
10.14 Franked dividends – cents per share			
Dividends proposed and not recognised as a liability			
10.15 Franked dividends – cents per share			

Exploration and evaluation expenditure capitalised

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

	Current period \$HKD'000	Previous corresponding period \$HKD'000
11.1 Opening balance		
11.2 Expenditure incurred during current period		
11.3 Expenditure written off during current period		
11.4 Acquisitions, disposals, revaluation increments, etc.		
11.5 Expenditure transferred to Development Properties		
11.6 Closing balance as shown in the consolidated balance sheet (item 3.10)		

Development properties

(To be completed only by issuers with mining interests if amounts are material)

	Current period \$HKD'000	Previous corresponding period \$HKD'000
12.1 Opening balance		
12.2 Expenditure incurred during current period		
12.3 Expenditure transferred from exploration and evaluation		
12.4 Expenditure written off during current period		
12.5 Acquisitions, disposals, revaluation increments, etc.		
12.6 Expenditure transferred to mine properties		
12.7 Closing balance as shown in the consolidated balance sheet (item 3.11)		

Discontinued Operations

(see note 18)

(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)

	Current period – HKD\$'000	Previous corresponding period – HKD\$'000
13.1 Revenue	-	-
13.2 Expense	-	-
13.3 Profit (loss) from discontinued operations before income tax	-	-
13.4 Income tax expense <i>(as per para 81 (h) of AASB 112)</i>	-	-
13.5 Gain (loss) on sale/disposal of discontinued operations	-	-
13.6 Income tax expense <i>(as per paragraph 81(h) of AASB 112)</i>	-	-

Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

	Number issued	Number listed	Paid- up value (cents)	Current period – HKD\$'000	Previous corresponding period – HKD\$'000
14.1 Preference securities <i>(description)</i>					
14.2 Balance at start of period	-	-	-	-	-
14.3 a) Increases through issues	-	-	-	-	-
14.4 a) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.5 Balance at end of period	-	-	-	-	-
14.6 Ordinary securities <i>(description)</i>					
14.7 Balance at start of period	280,000,000	280,000,000	0.0693	19,404	-
14.8 a) Increases through issues	10,240,000	10,240,000	0.27	2,815	-
14.9 b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10 Balance at end of period	290,240,000	290,240,000	0.077	22,219	-
14.11 Convertible Debt Securities <i>(description & conversion factor)</i>					
14.12 Balance at start of period	-	-	-	-	-
14.13 a) Increases through issues	-	-	-	-	-
14.14 b) Decreases through maturity, converted.	-	-	-	-	-

14.15	Balance at end of period					
		Number issued	Number listed	Paid-up value (cents)	Current period – HKD\$'000	Previous corresponding period – HKD\$'000
14.16	Options 13,650,000 options issued at a exercise price of AUD0.04 per option expiry at 30.11.2015 13,650,000 options issued at a exercise price of AUD0.04 per option expiry at 30.11.2017					
14.17	Balance at start of period	-	-	-	-	-
14.18	Issued during period	27,300,000	Nil	0.024	660	-
14.19	Exercised during period	-	-	-	-	-
14.20	Expired during period	-	-	-	-	-
14.21	Balance at end of period	27,300,000	Nil	0.024	660	-
14.22	Debentures (description)					
14.23	Balance at start of period	-	-	-	-	-
14.24	a) Increases through issues	27,300,000	Nil	0.024	660	-
14.25	b) Decreases through maturity, converted	-	-	-	-	-
14.26	Balance at end of period	27,300,000	Nil	0.024	660	-
14.27	Unsecured Notes (description)					
14.28	Balance at start of period	-	-	-	-	-
14.29	a) Increases through issues	-	-	-	-	-
14.30	b) Decreases through maturity,	-	-	-	-	-

	converted					
14.31	Balance at end of period	-	-	-	-	-
14.32	Total Securities	317,540,000	290,240,000	0.072	22,879	-

		Current period – HKD\$'000	Previous corresponding period – HKD\$'000
	Reserves		
14.33	Balance at start of period	-	-
14.34	Transfers to/from reserves	(4,532)	-
14.35	Total for the period	-	-
14.36	Balance at end of period	(4,532)	-
14.37	Total reserves	(4,532)	-
	Retained earnings		
14.38	Balance at start of period	(8,186)	-
14.39	Changes in accounting policy	-	-
14.40	Restated balance	-	-
14.41	Profit for the balance	2,410	-
14.42	Total for the period	-	-
14.43	Dividends	-	-
14.44	Balance at end of period	(5,776)	-

Details of aggregate share of profits (losses) of associates and joint venture entities*(equity method)**(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)*

Name of associate or joint venture entity

NA

Reporting entities percentage holding

		Current period - \$HKD'000	Previous corresponding period - \$HKD'000
15.1	Profit (loss) before income tax		
15.2	Income tax		
15.3	Profit (loss) after tax		
15.4	Impairment losses		
15.5	Reversals of impairment losses		
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)		
15.7	Share of net profit (loss) of associates and joint venture entities		

Control gained over entities having material effect*(See note 8)*16.1 Name of *issuer* (or *group*)

NA

16.2 Consolidated profit (loss) after tax of the *issuer* (or *group*) since
the date in the current period on which control was acquired16.3 Date from which profit (loss) in *item 16.2* has been calculated16.4 Profit (loss) after tax of the *issuer* (or *group*) for the whole of the
previous corresponding period

\$HKD'000

Loss of control of entities having material effect*(See note 8)*

17.1 Name of issuer (or group)

NA

\$HKD'000

17.2 Consolidated profit (loss) after tax of the entity (or group) for the current period to the date of loss of control

17.3 Date from which the profit (loss) in item 17.2 has been calculated

17.4 Consolidated profit (loss) after tax of the entity (or group) while controlled during the whole of the previous corresponding period

17.5 Contribution to consolidated profit (loss) from sale of interest leading to loss of control

Material interests in entities which are not controlled entities*The economic entity has an interest (that is material to it) in the following entities.*

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) (item 1.9)	
18.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
				<i>Equity accounted</i>	
18.2	Total				
18.3	Other material interests			Non equity accounted (i.e. part of item 1.9)	
18.4	Total				

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the presentation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

		Current period - \$HKD'000	Previous corresponding period - \$HKD'000
Segments			
Revenue:			
19.1	External sales	12,601	-
19.2	Inter-segment sales	-	-
19.3	Total (consolidated total equal to item 1.1)	12,601	-
19.4	Segment result	2,410	-
19.5	Unallocated expenses	-	-
19.6	Operating profit (equal to item 1.5)	2,410	-
19.7	Interest expense	-	-
19.8	Interest income	-	-
19.9	Share of profits of associates	-	-
19.10	Income tax expense	-	-
19.11	Net profit (consolidated total equal to item 1.9)	2,410	-
Other information			
19.12	Segment assets	15,923	-
19.13	Investments in equity method associates	-	-
19.14	Unallocated assets	-	-
19.15	Total assets (equal to item 3.18)	15,923	-
19.16	Segment liabilities	(6,827)	-
19.17	Unallocated liabilities	-	-
19.18	Total liabilities (equal to item 3.32)	(6,827)	-
19.19	Capital expenditure	-	
19.20	Depreciation	-	
19.21	Other non-cash expenses	-	

NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.042	-

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1	NA
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International Financial Reporting Standards

Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

22.1	
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Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

22.2	
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Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

Nil

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

NA

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)

NA

An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. (as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)

NA

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year (as per paragraph 16(d) of AASB 134: Interim Financial Reporting)

NA

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report (as per paragraph 16(j) of AASB 134: Interim Financial Reporting)

NA

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence (as per paragraph 16(c) of AASB 134: Interim Financial Reporting)

Nil

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations (as per paragraph 16(i) of AASB 134: Interim Financial Reporting)

Nil

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available

Compliance statement


1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

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2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- | | |
|---|---|
| <input type="checkbox"/> The financial statements have been audited. | <input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed. |
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The *issuer* has/does not have* (*delete one*) a formally constituted audit committee.

Sign here:



Director

Print name: Brian Wong

Date : 14th March 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of OceanEthix International Holdings Limited

Report on the Half-Year Financial Report

I have reviewed the half-year financial report of OceanEthix International Holdings Limited, and its subsidiary companies domiciled and trading in Hong Kong (" the Group"), which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of OceanEthix International Holdings Limited, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Audit Review Commentary

During my review there were a number of financial transactions and/or matters which remain unresolved at the date of this Report and I have received confirmations from Directors that they will

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Chartered Accountants

Cannings & Flynn Pty Ltd A.C.N 108 438 035 t/a Cannings & Co ABN 61 450 636 822

Liability limited by a scheme approved under Professional Standards Legislation

Directors – Jeffrey D Cannings, MBA, Dip.Tech. (Comm), Dip.Ed., FCA, CTA, FTPA (Tax) & Brian Flynn, B.Comm, ACA.

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be finalised before 30 June, 2016. These transactions and/or matters concern the current liquidation of the former subsidiary company, Ocean Pacific Technology Development Limited ("OPTDL") which has not yet been finalised by the Liquidator and there is some uncertainty whether a claim will be made against the Group for any further liquidation expenses or loans that may be held applicable against the parent Company instead of OPTDL. In addition, there are some unresolved recognition policies in accounting for the classification between Project Income, License Fee Income and Consultation Services Income due to various interpretation differences inherent in recent Sale Contracts to Customers.

These transactions and/or events have had immaterial affect, at the date of this Report, on the Group's financial position as at 31 December 2013 or on the performance for the half-year ended on that date.

Independence

In conducting my review, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of OceanEthix International Holdings Limited would be in the same terms if given to the directors as at the time of this Auditor's Report.

Conclusion

Based on my review, **which is not an audit**, I have not become aware of any matter that makes me believe that the half-year financial report of OceanEthix International Holdings Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of OceanEthix International Holdings Limited and its subsidiaries (" the Group") financial position as at 31 December 2013 and of the Group's performance for the half-year ended on that date; and,
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.


CANNINGS & CO
Chartered Accountants


Mr Jeffrey David Cannings, FCA, CTA
Registered Company Auditor

Level 1, 1A Sydenham Road,
Brookvale NSW 2100 Australia

Dated this 14 day of March 2014

Chartered Accountants

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