



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Full Year Financial Statement Announcement for the Year Ended 31/12/2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Financial Year Ended		Incr/(Decr) %
	31/12/2013 US\$'000	31/12/2012 US\$'000	
Continuing operations			
Revenue	480	-	N.M.
Other income	3,039	32	N.M.
Administrative and other operating expenses	(2,416)	(1,247)	93.7%
Finance costs	(2)	-	N.M.
Share of results of associate, net of tax	2	46	-95.7%
Profit/(Loss) before income tax from continuing operations	1,103	(1,169)	N.M.
Income tax expense	(630)	(37)	N.M.
Profit/(Loss) for the financial year from continuing operations	473	(1,206)	-139.2%
Profit for the financial year from discontinued operations	10,842	11,671	-7.1%
Profit for the financial year	11,315	10,465	8.1%
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss account			
- Exchange differences on translating foreign operations	(240)	129	
- Revaluation of property, plant and equipment	5,289	-	
Other comprehensive income for the financial year, net of tax	5,049	129	
Total comprehensive income for the financial year	16,364	10,594	

N.M. - Not Meaningful

Note to the income statement:

(Loss)/Profit from operations includes the following:

Interest income	113	78
Interest expenses	103	362
Depreciation and amortisation	296	4,829
Loss on foreign exchange (net)	101	236
Gain on disposal of property, plant and equipment and intangibles (net)	181	98
Gain on disposal of assets classified as held-for-sale	2,032	-
Gain on disposal of subsidiaries	15,878	-
Impairment of plant and equipment	-	915
Write-off of plant and equipment and intangibles	2	676
Write-down/(Reversal) of inventories	587	(2,533)
Write-back of allowance for doubtful trade receivables	-	88
Under-provision of current income tax in prior years	1,175	220
Over-provision of deferred tax in prior years	72	-
Fair value gain on investment property	409	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31/12/2013 US\$'000	31/12/2012 US\$'000	31/12/2013 US\$'000	31/12/2012 US\$'000
Non-current assets				
Property, plant and equipment	394	1,743	394	438
Investment property	7,798	-	-	-
Intangible assets	2	23	2	19
Subsidiaries	-	-	7,096	4,849
Investment in associate	2,550	2,548	2,502	2,502
Prepaid leases	-	1,404	-	-
	10,744	5,718	9,994	7,808
Current assets				
Inventories	-	1,420	-	1,147
Trade and other receivables	979	988	1,243	23,624
Assets classified as held for sale	-	5,282	-	-
Assets of a disposal group classified as held for sale	-	79,288	-	5,000
Fixed deposits	10,000	15,732	10,000	15,000
Cash and bank balances	28,138	17,510	23,724	16,868
	39,117	120,220	34,967	61,639
Current liabilities				
Trade and other payables	4,457	2,779	2,419	4,459
Liabilities of a disposal group classified as held for sale	-	37,788	-	-
Current income tax payable	2,171	851	240	780
Interest-bearing liabilities	31	3,217	31	-
	6,659	44,635	2,690	5,239
Net current assets	32,458	75,585	32,277	56,400
Non-current liabilities				
Interest-bearing liabilities	99	-	99	-
Deferred income tax liabilities	10	82	10	82
	109	82	109	82
Net assets	43,093	81,221	42,162	64,126
Equity				
Share capital	29,344	29,344	29,344	29,344
Other reserves	4,765	(266)	-	18
Retained earnings	8,984	52,143	12,818	34,764
Equity attributable to owners of the parent	43,093	81,221	42,162	64,126

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
31	-	3,217	-

Amount repayable after one year

As at 31/12/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
99	-	-	-

Details of any collateral

Finance lease liabilities are secured by rights to leased assets of a motor vehicle.

1(c) A statement of cashflows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Financial Year Ended	
	31/12/2013 US\$'000	31/12/2012 US\$'000
Operating activities		
Profit/(Loss) before income tax from continuing operations	1,103	(1,169)
Profit before income tax from discontinued operations	12,598	13,202
Profit before income tax	13,701	12,033
Adjustments for:		
Depreciation of property, plant and equipment	284	4,617
Amortisation of computer software	12	212
Gain on disposal of subsidiaries	(15,878)	-
Gain on disposal of assets classified as held-for-sale	(2,032)	-
Gain on disposal of property, plant and equipment	(181)	(98)
Plant and equipment written off	-	670
Computer software written off	2	6
Fair value gain on investment property	(409)	-
Write-down / (Reversal) of inventories	587	(2,533)
Impairment of plant and equipment	-	915
Write-back of share option expense	(18)	-
Write-back of allowance of doubtful trade receivables	-	(88)
Interest expense	103	362
Interest income	(113)	(78)
Share of results of associate	(2)	(46)
Write-off of prepaid leases	702	-
Amortisation of prepaid leases	108	136
Operating cash flows before working capital changes	(3,134)	16,108
Working capital changes:		
Inventories	833	9,507
Trade and other receivables	603	5,215
Trade and other payables	1,550	(978)
Cash (used in)/generated from operations	(148)	29,852
Interest paid	(103)	(362)
Income taxes paid	(1,970)	(1,951)
Net cash (used in)/from operating activities	(2,221)	27,539
Investing activities		
Purchase of property, plant and equipment	(299)	(1,223)
Purchase of computer software	(2)	-
Proceeds from disposal of property, plant and equipment	906	258
Proceeds from disposal of asset classified as held-for-sale	7,314	-
Proceeds from disposal of subsidiaries	41,042	253
Prepayment of land lease	-	(159)
Acquisition of associate	-	(2,502)
Net cash from/(used in) investing activities	48,961	(3,373)
Financing activities		
Bills payable	-	(13,412)
Repayment of long-term loans	(3,218)	(1,187)
Repayment of finance lease liabilities	(24)	(103)
Interest received	113	78
Dividend paid	(54,474)	(2,944)
Proceeds from issuance of shares pursuant to placement, net of expenses	-	2,468
Proceeds from issuance of shares pursuant to exercise of share options	-	61
Net cash used in financing activities	(57,603)	(15,039)
Net change in cash and cash equivalents	(10,863)	9,127
Cash and cash equivalents at beginning of financial year	49,113	39,856
Effect arising from foreign currency exchange rates	(112)	130
Cash and cash equivalents at end of financial year	38,138	49,113
Cash and cash equivalents comprise:		
Cash at banks and on hand	28,138	33,381
Short-term deposits	10,000	15,732
	38,138	49,113

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 US\$'000	Company US\$'000
2013		
Share capital		
At 1 Jan 2013 and 31 Dec 2013	29,344	29,344
Foreign currency translation reserve		
At 1 Jan 2013	(284)	-
Total comprehensive income for the financial year	(240)	-
At 31 Dec 2013	(524)	-
Share option reserve		
At 1 Jan 2013	18	18
Share-based payment write-back for the financial year	(18)	(18)
At 31 Dec 2013	-	-
Revaluation reserve		
At 1 Jan 2013	-	-
Total comprehensive income for the financial year	5,289	-
At 31 Dec 2013	5,289	-
Retained earnings		
At 1 Jan 2013	52,143	34,764
Dividend	(54,474)	(54,474)
Total comprehensive income for the financial year	11,315	32,528
At 31 Dec 2013	8,984	12,818
Total		
At 1 Jan 2013	81,221	64,126
At 31 Dec 2013	43,093	42,162
2012		
Share capital		
At 1 Jan 2012	26,794	26,794
Issue of shares pursuant to placement of shares	2,468	2,468
Issue of shares pursuant to exercise of share options	61	61
Transfer from share option reserve	21	21
At 31 Dec 2012	29,344	29,344
Foreign currency translation reserve		
At 1 Jan 2012	(413)	-
Total comprehensive income for the financial year	129	-
At 31 Dec 2012	(284)	-
Share option reserve		
At 1 Jan 2012	39	39
Transfer to share capital	(21)	(21)
At 31 Dec 2012	18	18
Retained earnings		
At 1 Jan 2012	44,622	35,845
Dividend	(2,944)	(2,944)
Total comprehensive income for the financial year	10,465	1,863
At 31 Dec 2012	52,143	34,764
Total		
At 1 Jan 2012	71,042	62,678
At 31 Dec 2012	81,221	64,126

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 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.

Issued and fully paid:	No. of shares	US\$'000
	Ordinary shares	
At 31 Dec 2012 and 31 Dec 2013	449,441,053	29,344

During the year ended 31 December 2013, the Company did not grant any share options pursuant to the Ocean Sky Share Option Scheme but 365,000 share options have lapsed. As at 31 December 2013, the Company does not have any outstanding share options of unissued reserved shares. As at 31 December 2012, the Company has 365,000 outstanding share options of unissued reserved shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

	31/12/2013	31/12/2012
The total number of issued ordinary shares	449,441,053	449,441,053

1(d)(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.

The Company has no treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

N.A.

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 applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements for the financial year ended 31 December 2012, except as disclosed in Section 5 below.

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.

The Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2013. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

- Amendments to FRS 1 Presentation of Items of Other Comprehensive Income
- Revised FRS 19 Employee Benefits
- FRS 113 Fair Value Measurement
- Amendments to FRS 107 Disclosures - Offsetting Financial Assets and Financial Liabilities
- Improvements to FRSs 2012
 - Amendments to FRS 1 Presentation of Financial Statements
 - Amendments to FRS 16 Property, Plant and Equipment
 - Amendments to FRS 32 Financial Instruments: Presentation

The adoption of the above amended FRS did not have any significant impact on the financial statements of the Group, except for the following:

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 change the grouping of items presented in other comprehensive income. Items that can be reclassified to profit or loss at a future point in time will be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in other comprehensive income, there is no impact on the Group's financial position and financial performance upon adoption of these amendments.

FRS 113 Fair Value Measurement

FRS 113 provides a single source of guidance for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS.

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.

		Financial Year Ended	
		31/12/2013	31/12/2012
<u>Continuing operations</u>			
Earnings/(Loss) per share (based on the profit for the year):			
Based on the weighted average number of ordinary shares in issue	USD Cents	0.11	(0.27)
Weighted average number of ordinary shares in issue		449,441,053	443,438,072
On a fully diluted basis	USD Cents	0.11	(0.27)
Adjusted weighted average number of ordinary shares in issue		449,441,053	443,620,572
<u>Discontinued operations</u>			
Earnings per share (based on the profit for the year):			
Based on the weighted average number of ordinary shares in issue	USD Cents	2.41	2.63
Weighted average number of ordinary shares in issue		449,441,053	443,438,072
On a fully diluted basis	USD Cents	2.41	2.63
Adjusted weighted average number of ordinary shares in issue		449,441,053	443,620,572

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

**(a) current financial period reported on; and
(b) immediately preceding financial year.**

	GROUP		COMPANY	
	31/12/2013 USD Cents	31/12/2012 USD Cents	31/12/2013 USD Cents	31/12/2012 USD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	9.59	18.07	9.38	14.27

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; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

Continuing Operations

Revenue for the financial year ended 31 December 2013 ("FY2013") consists of rental income from land leasing.

Other income increased from US\$0.03 million for the financial year ended 31 December 2012 ("FY2012") to US\$3.04 million for FY2013, due to gain on disposal of two Hong Kong properties, key person insurance surrender payment, fair value gain on investment property and higher interest income.

Administrative and other operating expenses increased 93.7% to US\$2.4 million for FY2013 from US\$1.2 million for FY2012, due mainly to higher staff cost, professional fees and operating expenses like office rental, travelling, depreciation of assets, etc which were classified as part of discontinued operations for FY2012.

Share of results of associate was US\$0.002 million for FY2013, after recognition of amortisation of intangibles of US\$0.342 million in accordance with FRS 103.

The increase in income tax expense to US\$0.6 million for FY2013 from US\$0.04 million for FY2012 is due mainly to withholding tax on dividend remitted from an overseas subsidiary.

Discontinued Operations

Profit after income tax from discontinued operations for FY2013 is in respect of the apparel operations for first four months of FY2013, recognition of one-off gain on disposal of apparel business which was completed in April 2013, underprovision of income taxes for prior years in respect of the apparel business and early termination payment for two long-term leases following the disposal of apparel business.

As a result, the Group registered a profit after income tax of US\$11.3 million for FY2013, an increase of 8.1% from US\$10.5 million in FY2012.

Statement of Financial Position

The land which was recorded at cost of US\$0.8 million as at 31 December 2012 has been reclassified from property, plant and equipment to investment property and has subsequently been recorded at fair value of US\$7.8 million as at 31 December 2013.

Prepaid leases of US\$1.4 million as at 31 December 2012 were terminated following the disposal of apparel business in FY2013.

Inventories from the discontinued operations of US\$1.4 million as at 31 December 2012 have been sold in FY2013.

The disposal of the Group's two Hong Kong properties, which were previously classified as assets held-for-sale, has been completed. Correspondingly, the interest-bearing liabilities in respect of the two Hong Kong properties have also been fully repaid.

The disposal of subsidiaries previously classified as assets / liabilities of a disposal group held-for-sale have been completed.

Trade and other payables increased to US\$4.8 million as at 31 December 2013 from US\$2.8 million as at 31 December 2012 due mainly to the security deposit received for land lease.

The increase in income tax payable is due mainly to tax on fair value gain on investment property and withholding tax on dividend remitted from an overseas subsidiary.

Statement of Cashflows

The Group incurred cash outflow from operating activities of US\$2.2 million for FY2013.

Proceeds from the disposal of subsidiaries, properties and other plant, equipment and motor vehicles contributed mainly to the net cash inflow of US\$49.0 million from investing activities for FY2013.

Dividend payment and repayment of loans contributed mainly to the net cash outflow of US\$57.6 million from financing activities for FY2013.

Overall, total cash and cash equivalents decreased from US\$49.1 million as at 31 December 2012 to US\$38.1 million as at 31 December 2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

N.A.

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.

With reference to the Company's previous announcements dated 30 September 2013, 2 October 2013, 4 October 2013 and 14 November 2013, the Company announced on 12 February 2014 that the agreements relating to the proposed Acquisition of Ezion Offshore Logistics Hub (Tiwi) Pty Ltd, the Subscription of Shares, the issuance of the Introducer Shares, the Grant of Options and the Placement of Shares have or will be terminated.

Moving forward, the Company will continue to develop its civil engineering and construction business and continue to take a prudent approach to explore new business and investment opportunities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

Interim paid during the year:

Name of Dividend

Dividend Type

Dividend Amount per Share (in Singapore currency cents)

Tax rate

**Interim
Cash
13 cents** Per Ordinary Share
Tax Exempt (One-Tier)

Special Interim paid during the year:

Name of Dividend

Dividend Type

Dividend Amount per Share (in Singapore currency cents)

Tax rate

**Special Interim
Cash
1.6 cents** Per Ordinary Share
Tax Exempt (One-Tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend

Dividend Type

Dividend Amount per Share (in Singapore currency cents)

Tax rate

**Final
Cash
0.8 cent** Per Ordinary Share
Tax Exempt (One-Tier)

Previous year's interim:

Name of Dividend
 Dividend Type
 Dividend Amount per Share (in Singapore currency cents)
 Tax rate

Interim
 Cash
0.8 cent Per Ordinary Share
 Tax Exempt (One-Tier)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Final dividend has not been recommended.

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.

The Group has not obtained a general mandate from shareholders for IPTs.

14. Use of proceeds.

On 29 March 2012, the Company issued 23,630,000 shares by way of a private placement and the net proceeds amounted to approximately US\$2,468,000. The following table shows an update on the use of proceeds as at the date of this report:

Use of Proceeds	Amount Used in financial year ended 31 Dec 2013 US\$'000	Amount Used To-Date US\$'000
Professional fees pertaining to corporate exercises	1,503	1,895
Total	1,503	1,895

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

2013	Singapore	South-east and North Asia	Consolidated
Group	US\$'000	US\$'000	US\$'000
Revenue from external customers			
- Continuing operations	-	480	480
- Discontinued operations	59,107	569	59,676
Carrying amount of non-current assets	2,946	7,798	10,744
Carrying amount of current assets	30,539	8,578	39,117
Additions to property, plant and equipment and computer software	452	-	452
Depreciation and amortisation	149	147	296
	USA	Others	Consolidated
	US\$'000	US\$'000	US\$'000
Group			
Revenue by geographical market	35,073	25,083	60,156

2012

Group	Singapore	South-east and North Asia	Consolidated
	US\$'000	US\$'000	US\$'000
Revenue from external customers	252,537	1,793	254,330
Carrying amount of non-current assets	2,548	3,170	5,718
Carrying amount of current assets	95,076	25,144	120,220
Additions to property, plant and equipment and computer software	194	1,029	1,223
Depreciation and amortisation	360	4,469	4,829
Impairment of plant and equipment	-	915	915
Plant and equipment written off	23	647	670
	USA	Others	Consolidated
	US\$'000	US\$'000	US\$'000
Revenue by geographical market	176,332	77,998	254,330

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please see review of performance in paragraph 8 above.

17. A breakdown of sales.

	31/12/2013 US\$'000	31/12/2012 US\$'000	Incr/(Decr) %
Continuing operations			
Sales reported for the first half year	120	-	N.M.
Operating profit/(loss) after tax before deducting non-controlling interests reported for the first half year	1,642	(439)	N.M.
Sales reported for the second half year	360	-	N.M.
Operating (loss) after tax before deducting non-controlling interests reported for the second half year	(1,169)	(767)	52.4%
Discontinued operations			
Sales reported for the first half year	58,939	116,350	-49.3%
Operating profit after tax before deducting non-controlling interests reported for the first half year	13,721	4,608	197.8%
Sales reported for the second half year	737	137,980	-99.5%
Operating (loss)/profit after tax before deducting non-controlling interests reported for the second half year	(2,879)	7,063	N.M.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	65,618	7,191
Preference	-	-
Total:	65,618	7,191

19. 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) in th format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ang Boon Cheow Edward	57	Brother of Mr Ang Boon Chong, Non-Executive Director & substantial shareholder	Executive Chairman & CEO Year 1995	N.A.
Joanna Hoon	51	Wife of Mr Ang Boon Cheow Edward	Vice-President, Corporate Affairs Responsible for Group's corporate communications and investor relations functions. Year 2007	N.A.

BY ORDER OF THE BOARD

Chia Yau Leong
Company Secretary
28 February 2014