Universal Resource and Services Limited
(Company Registration No: 200312303R)

Financial Statement Announcement for 3rd Quarter ended 30 September 2015

Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

The Board of Directors announces the unaudited results of the Group for the 3rd quarter ended 30 September 2015.

		Group					
	Notes	3rd Qtr 2015	3rd Qtr 2014	Increase / (Decrease)	YTD Q3 2015	YTD Q3 2014	Increase / (Decrease)
		S$'000	S$'000	%	S$'000	S$'000	%
CONTINUING OPERATIONS							
Revenue		**-**	**6,359**	**(100%)**	**11,361**	**13,217**	**(14%)**
Cost of services		-	(4,699)	(100%)	(7,927)	(7,699)	3%
Gross profit		**-**	**1,660**	**(100%)**	**3,434**	**5,518**	**(38%)**
Interest income		75	384	(81%)	330	968	(66%)
Administrative expenses		(660)	(714)	(8%)	(1,841)	(2,134)	(14%)
Provision for impairment of trade receivables	V	(4,308)	-	n.m.	(4,308)	-	n.m.
Depreciation for temporarily non-revenue generating plant and equipment		(4,219)	-	n.m.	(6,101)	-	n.m.
(Loss)/Profit before tax from continuing operations		**(9,112)**	**1,330**	**n.m.**	**(8,486)**	**4,352**	**n.m.**
Income tax written back / (expense)		476	(473)	n.m.	144	(1,705)	n.m.
(Loss)/Profit from continuing operations, net of tax		**(8,636)**	**857**	**n.m.**	**(8,342)**	**2,647**	**n.m.**
DISCONTINUED OPERATIONS							
(Loss)/Profit from discontinued operations, net of tax	I	(5)	6	n.m.	(262)	(43)	509%
(Loss)/Profit for the period		**(8,641)**	**863**	**n.m.**	**(8,604)**	**2,604**	**n.m.**
Other comprehensive (loss)/income after tax:							
Items that are or may be reclassified subsequently to profit or loss							
Currency translation differences on consolidation		4,304	5,073		8,156	(836)	
Total comprehensive (loss)/income for the period		**(4,337)**	**5,936**	**n.m.**	**(448)**	**1,768**	**n.m.**
Net (loss)/profit attributable to:							
Owners of the parent		**(8,641)**	**863**		**(8,604)**	**2,605**	
-(loss)/profit from continuing operations, net of tax		(8,636)	857		(8,342)	2,648	
-(loss)/profit from discontinued operations, net of tax		(5)	6		(262)	(43)	
Non-controlling interests		-	-		-	(1)	
-loss from continuing operations, net of tax		-	-		-	(1)	
-profit from discontinued operations, net of tax		-	-		-	-	
		(8,641)	863		(8,604)	2,604	
Total comprehensive (loss)/income attributable to:							
Owners of the parent		**(4,198)**	**(964)**		**(448)**	**1,821**	
- from continuing operations, net of tax		(4,201)	5,791		(202)	1,867	
- from discontinued operations, net of tax		3	16		(246)	(46)	
Non-controlling interests		(139)	129		-	(53)	
- from continuing operations, net of tax		(139)	129		-	(53)	
- from discontinued operations, net of tax		-	-		-	-	
		(4,337)	5,936		(448)	1,768	

n.m. Not meaningful

1 (a)(ii) Included in the determination of (loss)/profit before tax from continuing operations are the following items:

	Note	Group					
		3rd Qtr 2015	3rd Qtr 2014	Increase / (Decrease)	YTD Q3 2015	YTD Q3 2014	Increase / (Decrease)
		S$'000	S$'000	%	S$'000	S$'000	%
Depreciation of plant and equipment:							
- accounted for as cost of services		-	4,451	n.m.	7,791	7,265	7%
- accounted for as administrative expenses		-	2	n.m.	4	13	(69%)
- accounted for as depreciation for temporarily non-revenue generating plant and equipment		4,219	-	n.m.	6,101	-	n.m.
Interest income		(75)	(384)	(81%)	(330)	(968)	(66%)
Provision for impairment of trade receivables	V	4,308	-	n.m.	4,308	-	n.m.
Net foreign exchange loss / (gain)		5	(2)	n.m.	11	28	n.m.

n.m. Not meaningful

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

	Notes	Group		Company	
		30-Sep-15 S$'000	31-Dec-14 S$'000	30-Sep-15 S$'000	31-Dec-14 S$'000
ASSETS					
Non-current assets:					
Investments in subsidiaries	II	-	-	32,097	82,606
Deferred tax assets		890	855	-	-
Plant and equipment	III	74,594	75,154	1	2
Total non-current assets		**75,484**	**76,009**	**32,098**	**82,608**
Current assets:					
Cash and bank balances	IV	11,420	19,761	83	404
Trade receivables	V	2,941	521	-	-
Other receivables	VI	68,318	64,117	10,560	10,408
Total current assets		**82,679**	**84,399**	**10,643**	**10,812**
Assets classified as held for sale	VII	-	-	22	-
Total assets		**158,163**	**160,408**	**42,763**	**93,420**
LIABILITIES AND EQUITY					
Current liabilities:					
Other payables		5,137	5,808	1,947	1,114
Receipt in advance		-	213	-	-
Current tax payable		1	836	1	1
Total current liabilities		5,138	6,857	1,948	1,115
Non-current liability:					
Deferred tax liabilities		2,958	3,036	-	-
Total non-current liabilities		**2,958**	**3,036**	**-**	**-**
Total liabilities		**8,096**	**9,893**	**1,948**	**1,115**
Equity attributable to owners of the parent					
Issued capital		68,080	68,080	68,080	68,080
Share option reserve		166	166	166	166
Foreign currency translation reserve		16,174	8,157	-	-
Statutory common reserve		20,560	20,560	-	-
Retained earnings / (Accumulated losses)		45,087	50,362	(27,431)	24,059
		150,067	**147,325**	**40,815**	**92,305**
Non-controlling interests	VIII	-	3,190	-	-
Total equity		**150,067**	**150,515**	**40,815**	**92,305**
Total liabilities and equity		**158,163**	**160,408**	**42,763**	**93,420**

1(b) Notes to the Income Statement and Balance Sheets

I Discontinued operations

As at 30 September 2015, the Group is still undergoing an exercise to streamline the Group's operation and/or structure by de-registering or disposing unprofitable/dormant subsidiaries (the "Exercise", see also note II - Investment in subsidiaries).

Song Yuan Tian Yuan Oil Exploration Technology Services Co., Ltd ("Tian Yuan") was 100% indirectly owned by the Company and it was the sole subsidiary classified under the Oil Well Maintenance Segment. On 11 August 2015, the Company announced that Tian Yuan was undergoing voluntarily de-registration and on 22 September 2015, the Company announced that the voluntarily de-registration was completed. ("Tian Yuan Announcements"). Kindly refer to these Tian Yuan Announcements for further details. In accordance with the relevant Singapore Financial Reporting Standards, Tian Yuan's results were presented separately on the income statement as "(Loss)/Profit from discontinued operation, net of tax" for both 3Q 2015 and YTD Q3 2015 and the comparative figures for 3Q 2014 and YTD Q3 2014 had also been reclassified to conform to current period's presentation.

The effects of the above in relation to income statement and cash flow statements are as follows:

Profit and loss disclosures

	Discontinued operations			
	3rd Qtr 2015	3rd Qtr 2014	YTD Q3 2015	YTD Q3 2014
	S$'000	S$'000	S$'000	S$'000
Revenue	-	137	70	383
Expenses	(1)	(128)	(163)	(417)
Remeasurement to fair value less costs to sell	(4)	-	(165)	-
(Loss)/Profit before tax from discontinued operations	(5)	9	(258)	(34)
Income tax expenses	-	(3)	(4)	(9)
(Loss)/Profit from discontinued operations, net of tax	(5)	6	(262)	(43)

Cash flow statement disclosures

	Discontinued operations			
	3rd Qtr 2015	3rd Qtr 2014	YTD Q3 2015	YTD Q3 2014
	S$'000	S$'000	S$'000	S$'000
Operating	-	11	(119)	53
Net cash inflows / (outflows)	-	11	(119)	53

The de-registration of Tian Yuan had no material impact on the Company's and the Group's net tangible assets per share or the earnings per share for the current financial year.

II Investment in subsidiaries

The reduction in Investment in subsidiaries pertains to the impairment of the Company's 95% owned subsidiaries, namely Tianjin Dagang Shengkang Petroleum Development Co., Ltd. ("Shengkang") and Tianjin Ganghua Petroleum Technology Service Co., Ltd. ("Ganghua"). As part of the Exercise, Shengkang and Ganghua (collectively as "Disposal Group") was classified as "Assets classified as held for sale" and remeasured to "fair value less costs to sell" basis, as explained below.

(a) Impairment in investments in subsidiaries

The Disposal Group has been dormant since 2009. During June 2015, as part of the Exercise, the Disposal Group waived certain intercompany balances due to and from the Company and/or other subsidiaries ("Waiver"). Accordingly, the Company recorded a S$50.5 million of impairment on its investments in subsidiaries (i.e. the Disposal Group) and such impairment was reversed on consolidation thereby having no impact to the Group.

This Waiver resulted in (i) the Company recording an accounting loss of S$6.4 million on its receivables due from the relevant subsidiaries which was reversed on consolidation thereby having no impact to the Group and (ii) a S$3.3 million loss suffered by the non-controlling shareholder (Mr. Liu Qingzeng holds the remaining 5% equity interest in the Disposal Group) which had been taken directly to from "non-controlling interest" on balance sheet to the retained earnings. Subsequent to the Waiver, the net asset values of the Disposal Group were minimal but it was re-measured at S$22,000, on the basis of fair value less costs to sell. See explanation in (b) below.

(b) Assets classified as held for sale

On 21 October 2015, the Company announced the disposals of the Disposal Group. Accordingly, the Disposal Group (after the impairment as explained above) was remeasured at the expected recovery value based on the agreements to dispose them to third parties amounted to approximately S$22,000 and was then presented as "Assets classified as held for sale" in the Company's balance sheet as at 30 September 2015.

The Disposal Group was part of unallocated "Corporate Segment" in the audited financial statement for 2014. Given that both their balance sheets and income statements are immaterial to those of the Group, they have been presented in accordance with prior years' classification, save as disclosed in this Announcement.

1(b) Notes to the Income Statement and Balance Sheets (continued)

The eventual disposal of the Disposal Group is not expected to have any material impact on the Group's net tangible assets per share or the earnings per share for the current financial year.

III Plant and equipment

Plant and equipment decreased by S$0.6 million. This was attributable to the addition of a second-hand drilling machine ("Drilling Machine") amounting to S$10.5 million and effect of movements in exchange rates of S$2.8 million, which was partially offset by depreciation for the nine month period ended 30 Sept 2015 amounting to S$13.9 million.

On 31 August 2015, the Company announced that SKY Petroleum Technology Development (Tianjin) Co., Ltd ("SKY Tianjin"), a wholly-owned subsidiary of the Company, acquired the Drilling Machine, as part of the Group's effort to broaden its operations and diversify its customer base.

The Drilling Machine was delivered to SKY Tianjin in accordance with the sale and purchase agreement, and is now awaiting for deployment. As announced on 31 August 2015, SKY Tianjin entered into a lease agreement with盘锦腾远石油设备有限公司dated 29 August 2015 ("Sole Lease") to lease out the Drilling Machine for a quarterly rental of RMB2,625,000 (or approximately S$573,038). According to the terms of the Sole Lease, the customer under the Sole Lease ("Lessee") has up to five (5) months from the date of the Sole Lease (i.e. 28 January 2016 latest) to complete its preparation of the installation site and take delivery of the Drilling Machine. (see also paragraph 10).

No revenue has been generated in this quarter but depreciation has been provided for the Drilling Machine, which is accounted for as "Depreciation for temporarily non-revenue generating plant and equipment".

IV Cash and bank balances

Cash and cash balances decreased by S$8.3 million when compared to 31 December 2014, the decrease was mainly due to the payment of S$12.3 million for the acquisition of the Drilling Machine and the associated taxes which was partly offset by the collection of overdue trade receivables amounting to S$3.9 million. For details, please refer to the cashflow statements in 1(c).

V Trade receivables

	Group	
	30-Sep-15	31-Dec-14
	S$'000	S$'000
Amount receivable from rental of drilling equipment	7,249	521
less: provision for impairment	(4,308)	-
	2,941	521

As at 30 September 2015, the trade receivables reduced by approximately S$2.4 million. This was largely attributable to the S$4.3 million of impairment made against the trade receivables amounting to S$7.2 million. The increase in gross trade receivables from S$0.5 million as at 31 December 2014 to S$7.2 million as at 30 September 2015 was due to delays in the settlement of outstanding receivables by the two customers of the Group. This slowdown in the collection of trade receivables is in line with the slowdown in business activities experienced by our customers as explained in paragraph 10.

As at 30 September 2015, 100% of the total trade receivables of S$7.2 million are over due by more than 180 days. Impairment of S$4.3 million amounted to approximately 60% of the total trade receivables as at 30 September 2015.

Please see paragraph 10 for more details in respect of this matter.

VI Other receivables

	Group		Company	
	30-Sep-15	31-Dec-14	30-Sep-15	31-Dec-14
	S$'000	S$'000	S$'000	S$'000
Current				
Deposit paid for acquisition of oil blocks	60,753	57,824	-	-
VAT receivable	7,385	6,074	-	-
Prepayments	19	22	19	22
Refundable deposits	161	197	109	76
Due from subsidiaries	-	-	10,435	10,310
	68,318	64,117	10,563	10,408

(a) Deposit paid for the acquisition of oil blocks

Deposit paid for acquisition of oil blocks relates to the first payment of US$49,990,000 (RMB 271,220,000) made on 30 December 2014, pursuant to the conditional sale and purchase agreement (the "SPA") entered into by SKY Tianjin with Calgary Petroleum Service Co., Limited (the "Vendor") on 29 December 2014 for the proposed acquisition of 5,764 ordinary shares, representing approximately 57.64% of the issued and paid-up capital of Hongkong New Wing Energy Development Company Limited, a wholly owned subsidiary of the Vendor ("Proposed Acquisition").

1(b) Notes to the Income Statement and Balance Sheets (continued)

According to the SPA, the first payment is to be refunded with interest by the Vendor to SKY Tianjin in the event that the Company is unable to obtain approval for the Proposed Acquisition from (i) the Company's shareholders at an extraordinary general meeting of the Company to be convened; or (ii) the Singapore Exchange Securities Trading Limited. Please refer to the Company's earlier announcement on this issue dated 11 November 2013, 7 May 2014, 10 November 2014, 12 January 2015, 30 January 2015, 27 February 2015 and 18 May 2015 ("Earlier Announcements").

As compared to 31 December 2015, the deposit paid for the acquisition of oil blocks increased by S$4.2 million as a result of effect of movements in exchange rates.

The Board, together with the professionals, is still reviewing the Proposed Acquisition to ensure it meets the requirements of the Listing Manual. As such, none of the actions described above, in the Earlier Announcements or elsewhere in this announcement, is an indication that the Board is ratifying the Proposed Acquisition. The Company will make the necessary announcement when there is new development in relation to the Proposed Acquisition.

(b) VAT receivables

VAT receivable mainly represents the tax paid on the drilling equipment purchased in second half of 2014, which are to be carried forward and offset against future output VAT. The S$1.3 million increase in VAT receivable was attributable to the VAT on the Drilling Machine.

VII Assets classified as held for sale

	Company	
	30-Sep-15	31-Dec-14
	S$'000	S$'000
Investment in subsidiaries	22	-

The Company's investments in subsidiaries classified as held for sale pertained to the Disposal Group, please see Note II for details.

VIII Non-controlling interests

Non-controlling interests represent Mr. Liu Qingzeng 5% share of the net assets of the Disposal Group. The S$3.3 million reduction is as explained in Note II.

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

The group did not have any borrowings or outstanding debt securities as at 30 September 2015 and 31 December 2014.

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

	Group			
	3rd Qtr 2015	3rd Qtr 2014	YTD Q3 2015	YTD Q3 2014
	S$'000	S$'000	S$'000	S$'000
Operating activities				
(Loss) / Profit before income tax				
From continuing operations	(9,112)	1,330	(8,486)	4,352
From discontinued operations	(5)	9	(258)	(34)
Adjustments for:				
Depreciation of plant and equipment	-	4,553	7,795	7,378
Depreciation for temporarily non-revenue generating plant and equipment	4,219	-	6,101	-
Remeasurement to fair value less costs to sell in respect of discontinued operations	4	-	165	-
Provision for impairment of trade receivables	4,308	-	4,308	-
Interest income	(75)	(384)	(330)	(968)
Unrealised currency translation differences	1,103	199	1,953	(1,341)
Operating cash flow before movements in working capital	442	5,707	11,248	9,387
Trade receivables	3,221	-	(6,728)	-
Other receivables	469	66	515	324
Receipt in advance	-	41	(213)	(290)
Other payables	(1)	32	(671)	48
Cash generated from operations	4,131	5,846	4,151	9,469
Income tax paid	(5)	(460)	(725)	(988)
Net cash generated from operating activities	4,126	5,386	3,426	8,481

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

	3rd Qtr 2015	3rd Qtr 2014	YTD Q3 2015	YTD Q3 2014
	S$'000	S$'000	S$'000	S$'000
Investing activities				
Interest received	75	384	330	968
Proceeds from disposal of the Transportation Segment	-	-	-	11,824
Purchase of plant and equipment	(12,320)	-	(12,320)	(46,710)
Net cash (used in)/generated from investing activities	(12,245)	384	(11,990)	(33,918)
Financing activities				
Final dividends paid	-	-	-	(401)
Net cash used in financing activities	-	-	-	(401)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(183)	2,165	223	(445)
Net decrease in cash and cash equivalents	(8,302)	7,935	(8,341)	(26,283)
Cash and cash equivalents at beginning of quarter / year	19,722	63,674	19,761	97,892
Cash and cash equivalents at end of period (A)	11,420	71,609	11,420	71,609

1(c) Notes to cash flow statement

A Cash and cash equivalents

	Group	
	30-Sep-15	30-Sep-14
	S$'000	S$'000
Cash at banks and on hand	4,700	71,609
Fixed deposits	6,720	-
	11,420	71,609

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.

Consolidated Statement of Changes in Equity for the period ended 30 September 2015

Group	Share capital	Share option reserve	Foreign currency translation reserve	Statutory common reserve	Retained earnings	Equity attributable to the owners of the parent	Non-controlling Interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2015	**68,080**	**166**	**8,157**	**20,560**	**50,362**	**147,325**	**3,190**	**150,515**
Translation adjustment recognised directly in equity	-	-	6,260	-	-	6,260	159	6,419
Profit for the period	-	-	-	-	624	624	-	624
Total comprehensive income for the period	-	-	6,260	-	624	6,884	159	7,043
Balance at 31 March 2015	**68,080**	**166**	**14,417**	**20,560**	**50,986**	**154,209**	**3,349**	**157,558**
Translation adjustment recognised directly in equity	-	-	(2,547)	-	-	(2,547)	(20)	(2,567)
Wavier / forgiveness of debts between subsidiaries (note)	-	-	-	-	3,329	3,329	(3,329)	-
Loss for the period	-	-	-	-	(587)	(587)	-	(587)
Total comprehensive income /(loss) for the period	-	-	(2,547)	-	2,742	195	(3,349)	(3,154)
Balance at 30 June 2015	**68,080**	**166**	**11,870**	**20,560**	**53,728**	**154,404**	**-**	**154,404**
Translation adjustment recognised directly in equity	-	-	4,304	-	-	4,304	-	4,304
Loss for the period	-	-	-	-	(8,641)	(8,641)	-	(8,641)
Total comprehensive income/(loss) for the period	-	-	4,304	-	(8,641)	(4,337)	-	(4,337)
Balance at 30 September 2015	**68,080**	**166**	**16,174**	**20,560**	**45,087**	**150,067**	**-**	**150,067**

Note: Please refer to Note II on page 3.

Consolidated Statement of Changes in Equity for the period ended 30 September 2014

Group	Share capital	Share option reserve	Foreign currency translation reserve	Statutory common reserve	Retained earnings	Equity attributable to the owners of the parent	Non-controlling Interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2014	**68,080**	**166**	**5,277**	**20,560**	**47,209**	**141,292**	**3,148**	**144,440**
Translation adjustment recognised directly in equity	-	-	(4,093)	-	-	(4,093)	(139)	(4,232)
Profit for the period	-	-	-	-	1,071	1,071	-	1,071
Total comprehensive income / (loss) for the period	-	-	(4,093)	-	1,071	(3,022)	(139)	(3,161)
Balance at 31 March 2014	**68,080**	**166**	**1,184**	**20,560**	**48,280**	**138,270**	**3,009**	**141,279**
Translation adjustment recognised directly in equity	-	-	(1,635)	-	-	(1,635)	(42)	(1,677)
Profit / (loss) for the period	-	-	-	-	671	671	(1)	670
Total comprehensive income / (loss) for the period	-	-	(1,635)	-	671	(964)	(43)	(1,007)
Dividends paid	-	-	-	-	(401)	(401)	-	(401)
Balance at 30 June 2014	**68,080**	**166**	**(451)**	**20,560**	**48,550**	**136,905**	**2,966**	**139,871**
Translation adjustment recognised directly in equity	-	-	4,944	-	-	4,944	129	5,073
Profit for the period	-	-	-	-	863	863	-	863
Total comprehensive income for the period	-	-	4,944	-	863	5,807	129	5,936
Balance at 30 September 2014	**68,080**	**166**	**4,493**	**20,560**	**49,413**	**142,712**	**3,095**	**145,807**

Statement of Changes in Equity of the Company for the period ended 30 September 2015 and 2014

	Share capital	Share option reserve	Retained earnings/ (Accumulated losses)	Total equity
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2015	**68,080**	**166**	**24,059**	**92,305**
Total comprehensive loss for the period	-	-	(215)	(215)
Balance at 31 March 2015	**68,080**	**166**	**23,844**	**92,090**
Total comprehensive loss for the period [(note)]	-	-	(51,107)	(51,107)
Balance at 30 June 2015	**68,080**	**166**	**(27,263)**	**40,983**
Total comprehensive loss for the period	-	-	(168)	(168)
Balance at 30 September 2015	**68,080**	**166**	**(27,431)**	**40,815**
Balance at 1 January 2014	**68,080**	**166**	**25,429**	**93,675**
Total comprehensive loss for the period	-	-	(223)	(223)
Balance at 31 March 2014	**68,080**	**166**	**25,206**	**93,452**
Total comprehensive loss for the period	-	-	(556)	(556)
Dividends paid	-	-	(401)	(401)
Balance at 30 June 2014	**68,080**	**166**	**24,249**	**92,495**
Total comprehensive loss for the period	-	-	(357)	(357)
Balance at 30 September 2014	**68,080**	**166**	**23,892**	**92,138**

Note: The loss was mainly due to the effect of the wavier amounting to S$6.4 million and impairment of the investments in subsidiaries totally amounting to S$50.5 million.

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 or 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

Share Capital **Ordinary shares issued and fully paid**	No. of shares ('000) as at 30 September 2015	No. of shares ('000) as at 1 January 2015
	20,071	401,430

On 27 July 2015, the Board of Directors announced that the Company was proposing to undertake a share consolidation exercise to consolidate every 20 existing ordinary shares in the capital of the Company into 1 ordinary share, fractional entitlements to be disregarded ('Share Consolidation'). The Share Consolidation exercise (in the ratio of 20 to 1) was approved by shareholders during the Extraordinary General Meeting on 12 August 2015. Accordingly, the number of ordinary shares in the Company has been reduced to 20,071,466 on 18 September 2015.

During the period ended 30 September 2015, the Company did not issue new shares under the Universal Resource and Services Employee Share Option Scheme ("ESOS"). Each share option issued under the ESOS entitled the holder to subscribe one ordinary share in the Company at the pre-determined exercise price after a specific vesting period.

As at 30 September 2015, options to subscribe for ordinary shares in our Company remained outstanding as follows:

	As at 30 September 2015 No. of shares	As at 31 Dec 2014 No. of shares
Options granted pursuant to Universal Resource and Services ESOS	89,250 [(1)]	1,785,000

[(1)] The number of outstanding share option is adjusted for the Share Consolidation as explained above.

On 18 May 2015, the Company has appointed Singularity Consultancy Pte. Ltd. as the consultant to the Company in relation to the proposed acquisition of 57.64% equity interests in Hongkong New Wing Energy Development Company Limited. Under the terms of the consultancy agreement with Singularity Consultancy Pte. Ltd. , the fees will be payable upon the achievement of the milestones by way of allotment and issuance of up to a maximum of 1,034,200 ordinary shares ("Consideration Shares") in the capital of the Company and at an issue price of S$0.7 per Consideration Share as adjusted for the Share Consolidation. Up to the date of this announcement, no Consideration Share has been allotted.

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

The number of issued ordinary shares changed from 401,429,540 to 20,071,466 as the result of the Share Consolidation (excluding treasury shares). The Company does not have any 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 by the auditors.

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 has applied the same accounting policies and methods of computation for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2014.

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 has adopted the relevant new and revised accounting standards which became effective for annual periods beginning on or after 1 January 2015.

The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial period ended 30 September 2015.

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:-

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group			
	3rd Qtr 2015	3rd Qtr 2014 (restated)	YTD Q3 2015	YTD Q3 2014 (restated)
Earnings / (losses) per ordinary share from continuing operations attributable to owners of the parent:				
Based on weighted average no. of ordinary shares in issue (basic) and on a fully diluted basis (cents)	(43.03)	4.27	(41.56)	13.19
Earnings / (losses) per ordinary share:				
Based on weighted average no. of ordinary shares in issue (basic) and on a fully diluted basis (cents)	(43.05)	4.30	(42.87)	12.98
Number of shares in issue:				
Based on weighted average no. of ordinary shares in issue and on a fully diluted basis (in million)	20.07	20.07	20.07	20.07

Earnings/(losses) per ordinary share is calculated based on the Group's profit/loss for the financial period attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the period under review.

On 18 September 2015, the Company effected the consolidation of every 20 existing shares held by shareholders into one consolidated ordinary share with fractional entitlements to be disregarded. Following the Share Consolidation, the aggregate number of issued ordinary shares decreased from 401,429,540 to 20,071,466 shares. As a result, the number of ordinary shares used for the computation of the earnings per share for Q3 2014 and YTD Q3 2014 have been adjusted retrospectively.

As at 30 September 2015, the outstanding share options were excluded from the calculation of the diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive due to the loss attributable to ordinary shareholders for the Q3 2015 and YTD Q3 2015.

As at 30 September 2014, the outstanding share options did not have a dilutive effect because the average market price of the Company's ordinary shares for Q3 2014 and YTD Q3 2014 during which the options were outstanding did not exceed the exercise price of the options.

The Consideration Shares have not been considered in the computation of basic and diluted earnings / (losses) per share as the milestones for allotment have not been achieved as at 30 September 2015.

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:-
(b) immediately preceding financial year.

	Group		Company	
	30-Sep-15	31-Dec-14	30-Sep-15	31-Dec-14
Net Assets Value (S$ '000)	150,067	147,325	40,815	92,305
		(restated)		(restated)
Net Assets Value per share (dollars per share)	7.48	7.34	2.03	4.60
Net Assets Value per share has been computed based on the number of shares (in million of shares) as adjusted for the Share Consolidation.	20.07	20.07	20.07	20.07

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.

Revenue

As disclosed in the Company's results announcement for the six months ended 30 June 2015 dated 14 August 2015, certain leases with our customer have expired and the Group only had one single lease agreement as at 30 June 2015 which will expire in 2019.

Due to the slowdown in the business activities experienced by our customers and the continued depressed oil prices, there was no significant progress in relation to the renewal of these leases during the third quarter ended 30 September 2015. Accordingly, no revenue has been recognized in the income statements in respect of these leases that have expired in 1H 2015.

In relation to the lease that will expire in 2019, no revenue has been recognized in the income statements for the Q3 2015 on the basis that collectability is not reasonably assured. The financial reporting standard on revenue recognition requires that revenue should be recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group. During Q3 2105, the Group faced difficulties in collection of those trade receivables recognised in the past quarters in respect of this customer, hence, on a prudent basis, no revenue was recognized despite that fact that the contract with this customer was still in force and was not terminated during this quarter.

As a result of above, no revenue has been recorded under the Group's continuing operations in Q3 2015. For YTD Q3 2015, revenue of S$11.3 million was reported, a decrease of 14% when compared to YTD Q3 2014. The decrease was mainly the absence of revenue contribution in 3Q 2015 from the Group's drilling equipment as explained above.

Please see note 10 for more details in respect of this matter.

As a result of the Exercise taken as mentioned Note I on page 3 above, the revenue from the Oil Well Maintenance Segment was re-classified as discontinued operations. Details for revenue are as follows:

	Group					
	3rd Qtr 2015	3rd Qtr 2014	Increase / (Decrease)	YTD Q3 2015	YTD Q3 2014	Increase / (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
CONTINUING OPERATIONS						
Rental of Drilling Rig	-	6,359	-100%	11,361	13,217	-14%
DISCONTINUED OPERATIONS						
Oil Well Maintenance	-	137	-100%	70	383	-82%
Total	-	6,496	-100%	11,431	13,600	-16%

Profitability

All the Group's profit contributions are solely from the Rental Segment. Detailed gross profit margin figures are as follows:

	Group							
	3rd Qtr 2015		3rd Qtr 2014		YTD Q3 2015		YTD Q3 2014	
	S$'000	GP%	S$'000	GP%	S$'000	GP%	S$'000	GP%
CONTINUING OPERATIONS								
Rental of Drilling Rig	-	n.m.	1,660	26.1%	3,434	30.2%	5,518	41.7%
DISCONTINUED OPERATIONS								
Oil Well Maintenance	-	n.m.	(3)	n.m.	(81)	n.m.	25	6.5%
Total	-	n.m.	1,657	25.5%	3,353	29.3%	5,543	40.8%

Rental of Drilling Rig

As mentioned above, the Group did not recognized any revenue in Q3 2015, therefore, no gross profit was recorded and all related depreciation and other costs associated with the equipment under the Rental Segment were accounted for as “depreciation for temporarily non-revenue generating plant and equipment” and “administrative expenses” respectively in the income statement.

The profit margin decreased from 42% in YTDQ3 2014 to 30% in YTDQ3 2015. This was due to the revised depreciation policy implemented from Q3 2014, which has resulted in higher depreciation charges for the first half of 2015 when compared to the depreciation charged for the first half of 2014 as well as the absence of profit contribution in 3Q 2015 from the Group’s drilling equipment as explained above.

Oil well maintenance

The oil well service operation has been classified as discontinued operations as explained above.

Net profit/(loss) attributable to the owners of the parent

The Group net loss of from continuing operations in Q3 2015 was S$8.6 million as compared to a net profit of S$0.9 million in Q3 2014. The S$9.5 million decrease in net profit for Q3 2015 was largely attributable to the following:

(i) S$1.7 million reduction in gross profit as explained above;
(ii) though no revenue was recognised for the Rental Segment, the depreciation in respect of such equipment amounting to S$4.2 million continued to be charged under “Depreciation for temporarily non-revenue generating plant and equipment” in the income statement thereby eroding the net profit from continuing operations;
(iii) a provision for impairment of trade receivable amounting to S$4.3 million was made as at 30 September 2015 (Please see Note V on Page 4); and
(iv) interest income decreased by S$0.3 million as a result of a reduction in interest bearing deposit as a result of cash used in the acquisition of the Drilling Machine as discussed in Note III on page 4.

The total reduction in profit from continuing operations which amounted to S$10.4 million was partly offset by a reduction in income tax amounting to S$0.9 million. The S$0.5 million of income tax written back in Q3 2015 pertains to an overprovision of corporate income tax in prior periods by SKY Tianjin.

The loss from continuing operations in YTD Q3 2015 was S$8.3 million as compared to a profit of S$2.6 million for YTD Q3 2014. The S$11.0 million decrease in net profit for YTD Q3 2015 was largely attributable to the following:

(i) S$2.1 million reduction in gross profit as explained above;
(ii) for those equipment under the Rental Segment which were not generating revenue in YTD 3Q2015, the related depreciation amounting to S$6.1 million continued to be charged under “Depreciation for temporarily non-revenue generating plant and equipment” in the income statement thereby eroding the net profit from continuing operations;
(iii) a provision for impairment of trade receivable amounting to S$4.3 million was made as at 30 September 2015 (Please see Note V on Page 4); and
(iv) interest income decreased by S$0.6 million as a result of lower average interest bearing deposit in the 9 months ended 30 Sep 2015 compared to the comparative period in 2014.

The total reduction in profit from continuing operations which amounted to S$13.1 million was partly offset by a S$0.3 million reduction in administrative expenses due to cost savings and a S$1.8 million reduction in income tax. The S$1.8 million of income tax written back in YTD Q32015 pertains to an overprovision of corporate income tax in prior year by SKY Tianjin.

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

The results for Q3 2015 is in line with the "Profit Warning" issued in the Company's announcement dated 6 November 2015.

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.

General business environment

Oil prices continue to remain low in the third quarter of 2015. Companies in the People's Republic of China ("PRC") that have secured contracts from state-owned entities to perform extraction services have also experienced a significant slowdown in their business activities. Low oil prices will likely continue to be a drag on all the performance of oil and gas businesses worldwide.

Implications of the general business environment to the Group

Currently, the Group is solely dependent on the Rental of Drilling Rig Segment for its revenue. The level of oil prices will determine the demand for extraction activities which will in turn determine the demand for the rental the Group's plant and equipment and thus would have an impact on the Group's performance.

As a result of the slowdown in business activities of our customers, the Group has experienced significant delays and difficulties in the collection of its receivables. As announced on 6 November 2015, SKY Tianjin had on 30 October 2015, issued two letters of demand (the "Letters of Demand") to its customers, namely, Tianjin Botenaer Petroleum Engineering Co., Ltd ("Tianjin BPE") and Hebei Daofu Petroleum Exploration Technology Development Co., Ltd ("Hebei DPETD") (collectively the "Customers"), through its legal representatives in the PRC. Please refer to the Group's announcement on 6 November 2015 for the details of the principal terms of the Letters of Demand served on the Customers ("6 November Announcement").

As at the close of business on 6 November 2015 and up to the date of this announcement, SKY Tianjin has not received any reply or response from the Customers or any bank confirmation regarding the receipts of the amounts due and owing from the Customers (as stated in the Letters of Demand). Pursuant to the Letter of Demand issued to Hebei DPETD, SKY Tianjin has terminated the equipment lease with Hebei DPETD with effect from 6 November 2015.

Management is working closely with the Group's legal advisers to take all necessary actions, including but not limited to, the commencement of legal proceedings against the Customers to, inter alia, enforce the Group's rights under the equipment leases with Tianjin BPE and Hebei DPETD, and safeguard as well as protect the interests and assets of the Group.

Impact of the above on the Group

(a). With the termination of the equipment lease with Hebei DPETD, subject to the commencement of the Sole Lease (as defined in the 6 November Announcement), and/or the commencement of any new leases that may be entered into by the Group in respect of those equipment associated with the Tianjin BPE and Hebei DPETD equipment leases that may be returned to the Group as set out above, the Group may not record any revenue in the fourth quarter ending 31 December 2015.

The Group is now dependent on the Sole Lease as announced on 31 August 2015. In the event that the Lessee (as defined in the 6 November Announcement) does not to adhere to the terms of the Sole Lease and/or fails to take delivery of the Drilling Machine (as defined in the 6 November Announcement) in accordance with the terms of the Sole Lease, and/or if there is a variation to the terms of the Sole Lease, then depending on the actual circumstances or nature of any of the foregoing, there may be adverse impact on the results of the Group.

(b). As stated in Note V on Page 4, the Group has made an impairment of trade receivables amounting to approximately S$4.3 million on the outstanding trade receivables as at 30 September 2015. Depending on the development of the actions (including without limitation the legal proceedings) to be taken against the Customers and the eventual outcome, further impairment of trade receivables may be required. Any significant additional impairment in respect of trade receivables would have an adverse impact on the results of the Group for FY2015.

(c). As at 30 September 2015, the equipment leased to the Customers amounted to approximately S$64.3 million. The Group had requested the Customers to return such equipment by 6 November 2015. However, as at the date of this announcement, the Group has not secured their returns. Management has assessed the indications of impairment on such equipment as at the date of this announcement; however, due to a lack of conclusive evidence that impairment has arisen at this juncture, no impairment for such equipment has been made in the financial statements for the nine months ended 30 September 2015. Management will assess the situation to determine if there is any impairment on these equipment in 4Q2015.

However, in the event that the condition of such equipment, when returned to the Group, has severely deteriorated and/or the Group is unable to secure the return of part or all of such equipment, impairment may have to be made in respect of such equipment. Any significant impairment in respect of such equipment would have an adverse impact on the results of the Group for FY2015.

(d). In the event that the Group is unable to secure new customers on comparable terms (such as, inter alia, rental rates) as those of the expired or terminated contracts, impairment on the Group's equipment would have to be made. Any significant impairment in respect of such equipment would have an adverse impact on the results of the Group for FY2015.

(e). In the event that additional significant impairment in trade receivables and/or significant impairment for such equipment are required, these may result in impairment in Company's investments in its subsidiary.

As stated in the 6 November Announcement, the Group expects to report a net loss for FY2015 unless positive developments relating to the matters highlighted above occur before the end of FY2015. The future performance of the Group will be dependent on the development of the matters as highlighted above.

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.(continued)

The Group is actively seeking new customers, exploring and evaluating options to improve its profitability and diversify its income streams. However, there is no assurance that such efforts will result in positive outcome to the Group.

Management is closely monitoring the matters highlighted above and will make the necessary announcements when there is any significant development in relation to these matters.

Update on the proposed acquisition of 57.64% of the issued and paid up capital of Hongkong New Wing Energy Development Company Limited ("Proposed Acquisition")
The Board, in consultation with relevant professionals, is still undertaking a review of the Proposed Acquisition and will make the necessary announcements when there is any significant development in relation to the Proposed Acquisition.

The ongoing review of the Proposed Acquisition is not an indication, that the Board is ratifying or will subsequently ratify the Proposed Acquisition, and/or of the merits of the Proposed Acquisition. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will proceed to completion and assuming that it is, that the potential exploration prospects will be realised as oil and gas exploration is a high risk operation.

Cautionary statement
In view of the uncertainties of the outcome pertaining to the issues highlighted above, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

11 Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared or recommended.

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12 To disclose in the quarterly and full year announcements whether the group has obtained a general mandate from shareholders for Interested Person Transactions (IPT), and the aggregate value of such transactions. If no IPT mandate has been obtained, a statement is required.

No IPT mandate has been obtained from our shareholders and no IPT for period under review.

13 Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the third quarter ended 30 September 2015 financial results to be false or misleading in any material aspect.

14 Confirmation pursuant to SGX Listing Rule 720(1) of the Listing Manual

Universal Resource and Services Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

ON BEHALF OF THE DIRECTORS

Wu Chunlan	Chow Wai San
Chairperson of the Board	Independent Director

BY ORDER OF THE BOARD
13 November 2015