



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Full Year Financial Statement Announcement for the Year Ended 31/12/2015

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) %
	31/12/2015 US\$'000	31/12/2014 US\$'000	
Continuing operations			
Revenue	720	720	0.0%
Other income	34	2,746	-98.8%
Administrative and other operating expenses	(2,638)	(1,301)	102.8%
Finance costs	(3)	(3)	0.0%
Share of results of associate, net of tax	687	622	10.5%
(Loss)/Profit before income tax from continuing operations	(1,200)	2,784	N.M.
Income tax expense	(118)	(621)	-81.0%
(Loss)/Profit for the financial year from continuing operations	(1,318)	2,163	N.M.
Loss for the financial year from discontinued operations	-	(2,624)	-100.0%
Loss for the financial year	(1,318)	(461)	185.9%
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss account			
- Exchange differences on translating foreign operations	(131)	(82)	
Other comprehensive loss for the financial year, net of tax	(131)	(82)	
Total comprehensive loss for the financial year	(1,449)	(543)	

N.M. - Not Meaningful

Note to the income statement:

(Loss)/Profit from operations includes the following:

For continuing operations :

Interest income	25	27
Interest expenses	3	3
Depreciation and amortisation	105	105
Gain on foreign exchange (net)	109	90
Loss on disposal of plant and equipment	7	-
Fair value loss/(gain) on investment property	340	(2,686)
Reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations	546	-
(Over)/Under-provision of current income tax in prior years	-	(34)
Over-provision of deferred tax in prior years	-	10

For discontinued operations :

Provision for warranty claim on disposed subsidiaries	-	2,700
Allowance for doubtful trade receivables	-	69
(Over)/Under-provision of current income tax in prior years	-	(137)

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	
	31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
Non-current assets				
Property, plant and equipment	232	290	232	290
Investment property	10,144	10,484	-	-
Intangible assets	1	1	1	1
Subsidiaries	-	-	7,017	7,076
Investment in associate	3,859	3,172	2,502	2,502
	<u>14,236</u>	<u>13,947</u>	<u>9,752</u>	<u>9,869</u>
Current assets				
Trade and other receivables	46	96	39	937
Fixed deposits	10,000	10,000	10,000	10,000
Cash and bank balances	9,003	13,317	8,484	11,736
	<u>19,049</u>	<u>23,413</u>	<u>18,523</u>	<u>22,673</u>
Current liabilities				
Trade and other payables	2,121	2,059	2,513	2,382
Provision for warranty claim	-	2,700	-	2,700
Current income tax payable	118	665	-	-
Interest-bearing liabilities	36	28	36	28
	<u>2,275</u>	<u>5,452</u>	<u>2,549</u>	<u>5,110</u>
Net current assets	<u>16,774</u>	<u>17,961</u>	<u>15,974</u>	<u>17,563</u>
Non-current liabilities				
Interest-bearing liabilities	72	67	72	67
	<u>72</u>	<u>67</u>	<u>72</u>	<u>67</u>
Net assets	<u>30,938</u>	<u>31,841</u>	<u>25,654</u>	<u>27,365</u>
Equity				
Share capital	29,344	29,344	29,344	29,344
Other reserves	5,098	4,683	-	-
Retained earnings	(3,504)	(2,186)	(3,690)	(1,979)
Equity attributable to owners of the parent	<u>30,938</u>	<u>31,841</u>	<u>25,654</u>	<u>27,365</u>

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

Amount repayable in one year or less, or on demand

As at 31/12/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
36	-	28	-

Amount repayable after one year

As at 31/12/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
72	-	67	-

Details of any collateral

Finance lease liabilities are secured by rights to leased assets of two motor vehicles.

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	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Operating activities		
(Loss)/Profit before income tax from continuing operations	(1,200)	2,784
(Loss)/Profit before income tax from discontinued operations	-	(2,761)
(Loss)/Profit before income tax	<u>(1,200)</u>	<u>23</u>
Adjustments for:		
Depreciation of property, plant and equipment	104	104
Amortisation of computer software	1	1
Loss on disposal of plant and equipment	7	-
Reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations	546	-
Fair value loss/(gain) on investment property	340	(2,686)
Provision for warranty claim	-	2,700
Allowance of doubtful trade receivables	-	69
Interest expense	3	3
Interest income	(25)	(27)
Share of results of associate	(687)	(622)
Operating cash flows before working capital changes	<u>(911)</u>	<u>(435)</u>
Working capital changes:		
Trade and other receivables	50	814
Trade and other payables	(2,638)	(2,398)
Cash used in operations	<u>(3,499)</u>	<u>(2,019)</u>
Interest paid	(3)	(3)
Income taxes paid	(665)	(2,000)
Net cash used in operating activities	<u>(4,167)</u>	<u>(4,022)</u>
Investing activities		
Purchase of property, plant and equipment	(96)	-
Proceeds from disposal of plant and equipment	42	-
Net cash used in investing activities	<u>(54)</u>	<u>-</u>
Financing activities		
Proceeds from finance lease	48	-
Repayment of finance lease liabilities	(35)	(35)
Interest received	25	27
Dividend paid	-	(10,709)
Net cash generated from/(used in) financing activities	<u>38</u>	<u>(10,717)</u>
Net change in cash and cash equivalents	(4,183)	(14,739)
Cash and cash equivalents at beginning of financial year	23,317	38,138
Effect arising from foreign currency exchange rates	(131)	(82)
Cash and cash equivalents at end of financial year	<u>19,003</u>	<u>23,317</u>
Cash and cash equivalents comprise:		
Cash at banks and on hand	9,003	13,317
Short-term deposits	10,000	10,000
	<u>19,003</u>	<u>23,317</u>

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
2015		
Share capital		
At 1 Jan 2015 and 31 Dec 2015	29,344	29,344
Foreign currency translation reserve		
At 1 Jan 2015	(606)	-
Total comprehensive income for the financial year	415	-
At 31 Dec 2015	(191)	-
Revaluation reserve		
At 1 Jan 2015 and 31 Dec 2015	5,289	-
Retained earnings		
At 1 Jan 2015	(2,186)	(1,979)
Total comprehensive income for the financial year	(1,318)	(1,711)
At 31 Dec 2015	(3,504)	(3,690)
Total		
At 1 Jan 2015	31,841	27,365
At 31 Dec 2015	30,938	25,654
2014		
Share capital		
At 1 Jan 2014 and 31 Dec 2014	29,344	29,344
Foreign currency translation reserve		
At 1 Jan 2014	(524)	-
Total comprehensive income for the financial year	(82)	-
At 31 Dec 2014	(606)	-
Revaluation reserve		
At 1 Jan 2014 and 31 Dec 2014	5,289	-
Retained earnings		
At 1 Jan 2014	8,984	12,818
Dividend	(10,709)	(10,709)
Total comprehensive income for the financial year	(461)	(4,088)
At 31 Dec 2014	(2,186)	(1,979)
Total		
At 1 Jan 2014	43,093	42,162
At 31 Dec 2014	31,841	27,365

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 2014 and 31 Dec 2015	449,441,053	29,344

During the year ended 31 December 2015, the Company did not grant any share options pursuant to the Ocean Sky Share Option Scheme. As at 31 December 2015, the Company does not have any outstanding share options of unissued reserved shares. As at 31 December 2014, the Company did not have any 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.

	31/12/2015	31/12/2014
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 2014, 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 FRSs and Interpretation of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2015. The adoption of these new/revised FRSs and INT FRSs did not have any significant impact on the financial statements of the Group.

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	
	31/12/2015	31/12/2014
Continuing operations		
(Loss)/Earnings per share (based on the (loss)/profit for the year):		
Based on the weighted average number of ordinary shares in issue	USD Cents (0.29)	0.48
Weighted average number of ordinary shares in issue	449,441,053	449,441,053
On a fully diluted basis	USD Cents (0.29)	0.48
Adjusted weighted average number of ordinary shares in issue	449,441,053	449,441,053
Discontinued operations		
(Loss)/Earnings per share (based on the (loss)/profit for the year):		
Based on the weighted average number of ordinary shares in issue	USD Cents 0.00	(0.58)
Weighted average number of ordinary shares in issue	449,441,053	449,441,053
On a fully diluted basis	USD Cents 0.00	(0.58)
Adjusted weighted average number of ordinary shares in issue	449,441,053	449,441,053

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	
	31/12/2015 USD Cents	31/12/2014 USD Cents	31/12/2015 USD Cents	31/12/2014 USD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	6.88	7.08	5.71	6.09

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

The Group recorded a revenue of US\$0.72 million consisting of rental income from land leasing for the financial year ended 31 December 2015 ("FY2015"), which was consistent with the preceding year ("FY2014").

Other income decreased from US\$2.75 million for FY2014 to US\$0.03 million for FY2015, due mainly to the recognition of fair value gain on investment property for FY2014.

Administrative and other operating expenses increased 102.8% to US\$2.64 million for FY2015 from US\$1.30 million for FY2014, due mainly to (i) the reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations; (ii) recognition of fair value loss on investment property; (iii) underprovision of prior years' property tax on the investment property; and (iv) professional fees in relation to the proposed acquisition of Link (THM) Holdings Pte Ltd.

Share of results of associate increased 10.5% to US\$0.69 million for FY2015 from US\$0.62 million for FY2014, due mainly to increased revenue which was partially offset by higher labour costs.

The decrease in income tax expense to US\$0.12 million for FY2015 from US\$0.62 million for FY2014 was due mainly to higher income tax payable on investment property for fair value gain in FY2014.

Discontinued Operations

Loss after income tax from discontinued operations for FY2014 was mainly due to provision for settlement of claims on warranties from Sunny Force Limited on realisable value of inventory and tax liabilities in relation to the disposed apparel operations.

As a result, the Group registered a loss after income tax of US\$1.32 million for FY2015, compared with a loss after income tax of US\$0.46 million for FY2014.

Statement of Financial Position

Investment property decreased to US\$10.14 million as at 31 December 2015 from US\$10.48 million as at 31 December 2014 due to the recognition of loss in fair value of the land in Cambodia.

US\$2.70 million was paid as full and final settlement of the warranty claims received in FY2014.

Income tax payable decreased to US\$0.12 million as at 31 December 2015 from US\$0.67 million as at 31 December 2014 due mainly to higher income tax payable on investment property for fair value gain in FY2014.

Cash and bank balances decreased to US\$9.0 million as at 31 December 2015 from US\$13.32 million as at 31 December 2014 due mainly to the payment of warranty claims, income taxes and trade and operating expenses.

Statement of Cashflows

The Group incurred cash outflow from operating activities of US\$4.17 million for FY2015 due mainly to payment of warranty claims, income taxes and operating expenses.

Overall, total cash and cash equivalents decreased from US\$23.32 million as at 31 December 2014 to US\$19.0 million as at 31 December 2015.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for the third quarter ended 30 September 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.

For the property investment and management business, the Group has a 20-year long-term fixed rental rate land lease in Cambodia to generate stable rental income.

The business environment that the Group's associate company operates in is expected to remain challenging due to increasing business cost arising from the tight Singapore labour market.

On 15 December 2015, our subsidiary in Cambodia received a notice of tax reassessment from the General Department of Taxation, Cambodia of approximately US\$1.0 million for underpayment of tax on profit, value added tax and withholding tax, and related penalties and interest for years 2008 to 2011.

The Company believes the reassessment is baseless and without merit and has accordingly filed an objection. As a result, no provision has been made.

The Company has on 27 February 2016 announced :

(i) the intention to undertake the proposed transfer (the "Proposed Transfer") of the listing of the Company from the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") to the Catalist Board of the SGX-ST; and

(ii) the SGX-ST's approval in principle for the Company's application for extension of time for the first quarterly review of the Company's compliance with the Minimum Trading Price requirements to 1 September 2016.

The Company will make further announcements, in compliance with the listing rules of the SGX-ST, when there are material developments in respect of the proposed acquisition of Link (THM) Holdings Pte Ltd and the Proposed Transfer.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

Previous year's interim:

Name of Dividend

Dividend Type

Dividend Amount per Share (in Singapore currency cents)

Tax rate

Interim

Cash

3 cents 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 December 2015 US\$'000	Amount Used To-Date US\$'000
Professional fees pertaining to :		
- Corporate exercises from 2012 to 2013	-	1,895
- Corporate exercise pertaining to proposed acquisition of Link (THM) Holdings Pte. Ltd. as announced on 25 March 2015	213	213
Total	213	2,108

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.

2015	Singapore	South-east and North Asia	Consolidated
	US\$'000	US\$'000	US\$'000
Group			
Revenue from external customers	-	720	720
Carrying amount of non-current assets	4,092	10,144	14,236
Carrying amount of current assets	13,876	5,173	19,049
Additions to plant and equipment	96	-	96
Depreciation and amortisation	105	-	105
	Singapore	South-east and North Asia	Consolidated
	US\$'000	US\$'000	US\$'000
Group			
Revenue by geographical market	-	720	720
2014	Singapore	South-east and North Asia	Consolidated
	US\$'000	US\$'000	US\$'000
Group			
Revenue from external customers	-	720	720
Carrying amount of non-current assets	3,463	10,484	13,947
Carrying amount of current assets	17,170	6,243	23,413
Depreciation and amortisation	105	-	105
	Singapore	South-east and North Asia	Consolidated
	US\$'000	US\$'000	US\$'000
Group			
Revenue by geographical market	-	720	720

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.

	31/12/2015 US\$'000	31/12/2014 US\$'000	Incr/(Decr) %
<u>Continuing operations</u>			
Sales reported for the first half year	360	360	0.0%
Operating (loss)/profit after tax before deducting non-controlling interests reported for the first half year	(385)	22	N.M.
Sales reported for the second half year	360	360	0.0%
Operating (loss)/profit after tax before deducting non-controlling interests reported for the second half year	(933)	2,141	N.M.
<u>Discontinued operations</u>			
Sales reported for the first half year	-	-	0.0%
Operating profit after tax before deducting non-controlling interests reported for the first half year	-	-	0.0%
Sales reported for the second half year	-	-	0.0%
Operating loss after tax before deducting non-controlling interests reported for the second half year	-	(2,624)	-100.0%

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	-	13,483
Total:	-	13,483

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 the 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	59	Brother of Mr Ang Boon Chong, Non-Executive Director & substantial shareholder	Executive Chairman & CEO Year 1995	N.A.
Joanna Hoon	53	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
29 February 2016