



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Third Quarter Financial Statement Announcement for the Period Ended 30/09/2014

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.

	Third Quarter Ended			9 Months Ended		
	30/9/2014	30/9/2013	Incr/(Decr)	30/9/2014	30/9/2013	Incr/(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Continuing operations						
Revenue	180	180	0.0%	540	300	80.0%
Other income	7	33	-78.8%	19	2,123	-99.1%
Administrative and other operating expenses	(271)	(722)	-62.5%	(985)	(1,234)	-20.2%
Finance costs	(1)	-	N.M.	(3)	-	N.M.
Share of results of associate, net of tax	111	65	70.8%	545	98	456.1%
Profit/(Loss) before income tax from continuing operations	26	(444)	N.M.	116	1,287	-91.0%
Income tax expense	(25)	31	N.M.	(93)	(58)	60.3%
Profit/(Loss) for the financial period from continuing operations	1	(413)	N.M.	23	1,229	-98.1%
Discontinued operations						
Profit/(Loss) for the financial period from discontinued operations	-	(1,865)	-100.0%	-	11,856	-100.0%
Profit/(Loss) for the financial period	1	(2,278)	-100.0%	23	13,085	-99.8%
Other comprehensive income						
Exchange differences on translating foreign operations	(34)	11		2	(125)	
Other comprehensive income for the period, net of tax	(34)	11		2	(125)	
Total comprehensive income for the period	(33)	(2,267)		25	12,960	

N.M. - Not Meaningful

Note to the income statement:

Profit/(Loss) from operations includes the following:

Interest income	7	35	19	106
Interest expenses	1	2	3	103
Depreciation and amortisation	26	56	79	296
(Gain)/Loss on foreign exchange (net)	26	133	(52)	196
(Gain)/Loss on disposal of property, plant and equipment (net)	-	64	-	(275)
Gain on disposal of assets classified as held-for-sale	-	-	-	2,034
Gain on disposal of subsidiaries	-	-	-	15,878
Write-off of plant and equipment and intangibles	-	6	-	157
Inventory write-down	-	587	-	587
Under-provision of current income tax in prior years	-	902	-	902
Over-provision of deferred tax in prior years	-	72	-	72

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	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	316	394	316	394
Investment property	7,798	7,798	-	-
Intangible assets	1	2	1	2
Subsidiaries	-	-	7,076	7,096
Investment in associate	3,095	2,550	2,502	2,502
	<u>11,210</u>	<u>10,744</u>	<u>9,895</u>	<u>9,994</u>
Current assets				
Trade and other receivables	159	979	1,029	1,243
Fixed deposits	10,000	10,000	10,000	10,000
Cash and bank balances	13,613	28,138	11,034	23,724
	<u>23,772</u>	<u>39,117</u>	<u>22,063</u>	<u>34,967</u>
Current liabilities				
Trade and other payables	2,179	4,457	1,334	2,419
Current income tax payable	277	2,171	151	240
Interest-bearing liabilities	31	31	31	31
	<u>2,487</u>	<u>6,659</u>	<u>1,516</u>	<u>2,690</u>
Net current assets	<u>21,285</u>	<u>32,458</u>	<u>20,547</u>	<u>32,277</u>
Non-current liabilities				
Interest-bearing liabilities	76	99	76	99
Deferred income tax liabilities	10	10	10	10
	<u>86</u>	<u>109</u>	<u>86</u>	<u>109</u>
	<u>32,409</u>	<u>43,093</u>	<u>30,356</u>	<u>42,162</u>
Equity				
Share capital	29,344	29,344	29,344	29,344
Other reserves	4,767	4,765	-	-
Retained earnings	(1,702)	8,984	1,012	12,818
Equity attributable to owners of the parent	<u>32,409</u>	<u>43,093</u>	<u>30,356</u>	<u>42,162</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 30/9/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
31	-	31	-

Amount repayable after one year

As at 30/9/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
76	-	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.

	Third Quarter Ended		9 Months Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit/(Loss) before income tax from continuing operations	26	(444)	116	1,287
Profit/(Loss) before income tax from discontinued operations	-	(963)	-	13,440
Profit/(Loss) before income tax	26	(1,407)	116	14,727
Adjustments for:				
Depreciation and amortisation	26	56	79	296
Gain on disposal of subsidiaries	-	-	-	(15,878)
Gain on disposal of assets classified as held-for-sale	-	-	-	(2,034)
Loss/(Gain) on disposal of property, plant and equipment	-	64	-	(275)
Write-off of plant and equipment and intangibles	-	6	-	157
Inventory write-down	-	587	-	587
Write-back of share option expense	-	-	-	(18)
Interest expense	1	2	3	103
Interest income	(7)	(35)	(19)	(106)
Share of results of associate	(111)	(65)	(545)	(98)
Amortisation of prepaid leases	-	27	-	90
Operating loss before working capital changes	(65)	(765)	(366)	(2,449)
Working capital changes:				
Inventories	-	530	-	(3,269)
Trade and other receivables	25	4,736	820	4,548
Trade and other payables	(88)	(1,671)	(2,278)	(2,016)
Cash (used in) / generated from operations	(128)	2,830	(1,824)	(3,186)
Interest paid	(1)	(2)	(3)	(103)
Income taxes paid	-	(200)	(1,987)	(2,022)
Net cash (used in) / from operating activities	(129)	2,628	(3,814)	(5,311)
Investing activities				
Purchase of property, plant and equipment	-	(188)	-	(622)
Purchase of computer software	-	(1)	-	(2)
Proceeds from disposal of property, plant and equipment	-	492	-	934
Proceeds from disposal of asset classed as held-for-sale	-	-	-	7,328
Proceeds from disposal of subsidiaries	-	17,035	-	41,042
Net cash from investing activities	-	17,338	-	48,680
Financing activities				
Bills Payable	-	-	-	3,566
Repayment of long term loans	-	-	-	(3,718)
Repayment of finance lease liabilities	(8)	(10)	(23)	(44)
Interest received	7	35	19	106
Dividend paid	-	(45,853)	(10,709)	(54,474)
Net cash used in financing activities	(1)	(45,828)	(10,713)	(54,564)
Net change in cash and cash equivalents	(130)	(25,862)	(14,527)	(11,195)
Cash and cash equivalents at beginning of period	23,777	63,635	38,138	49,113
Differences from foreign currency exchange rates	(34)	(9)	2	(154)
Cash and cash equivalents at end of period	23,613	37,764	23,613	37,764
Cash and cash equivalents comprise:				
Cash at banks and on hand	13,613	27,764	13,613	27,764
Short-term deposits	10,000	10,000	10,000	10,000
	23,613	37,764	23,613	37,764

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
2014		
Share capital		
At 1 Jan 2014 and 30 Sept 2014	29,344	29,344
Currency translation reserve		
At 1 Jan 2014	(524)	-
Total comprehensive income for the period	20	-
At 31 Mar 2014	(504)	-
Total comprehensive income for the period	16	-
At 30 June 2014	(488)	-
Total comprehensive income for the period	(34)	-
At 30 Sept 2014	(522)	-
Revaluation reserve		
At 1 Jan 2014 and 30 Sept 2014	5,289	-
Retained earnings		
At 1 Jan 2014	8,984	12,818
Total comprehensive income for the period	20	(229)
At 31 Mar 2014	9,004	12,589
Dividend	(10,709)	(10,709)
Total comprehensive income for the period	2	(406)
At 30 June 2014	(1,703)	1,474
Total comprehensive income for the period	1	(462)
At 30 Sept 2014	(1,702)	1,012
Total		
At 1 Jan 2014	43,093	42,162
At 31 Mar 2014	43,133	41,933
At 30 June 2014	32,442	30,818
At 30 Sept 2014	32,409	30,356
2013		
Share capital		
At 1 Jan 2013 and 30 Sept 2013	29,344	29,344
Currency translation reserve		
At 1 Jan 2013	(284)	-
Total comprehensive income for the period	(56)	-
At 31 Mar 2013	(340)	-
Total comprehensive income for the period	(80)	-
At 30 June 2013	(420)	-
Total comprehensive income for the period	11	-
At 30 Sept 2013	(409)	-
Share option reserve		
At 1 Jan 2013 and 31 Mar 2013	18	18
Share-based payment write-back for the period	(18)	(18)
At 30 June 2013 and Sept 2013	-	-
Retained earnings		
At 1 Jan 2013	52,143	34,764
Total comprehensive income for the period	2,990	(223)
At 31 Mar 2013	55,133	34,541
Dividend	(8,621)	(8,621)
Total comprehensive income for the period	12,373	32,809
At 30 June 2013	58,885	58,729
Dividend	(45,853)	(45,853)
Total comprehensive income for the period	(2,278)	(4,153)
At 30 Sept 2013	10,754	8,723
Total		
At 1 Jan 2013	81,221	64,126
At 31 Mar 2013	84,155	63,903
At 30 June 2013	87,809	88,073
At 30 Sept 2013	39,689	38,067

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 Ordinary shares	US\$'000
At 31 Dec 2013 and 30 Sept 2014	449,441,053	29,344

During the quarter ended 30 Sept 2014, the Company did not grant any share options pursuant to the Ocean Sky Share Option Scheme and no options have been exercised. As at 30 Sept 2014, the Company does not have any outstanding share options of unissued reserved shares. As at 30 Sept 2013, 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.

	30/9/2014	31/12/2013
The total number of issued ordinary shares excluding treasury 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 same accounting policies and methods of computation as in the Group's most recently audited annual financial statements have been applied, except for the changes mentioned in Section 5.

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 and the Company have adopted all the applicable new and revised Financial Reporting Standards (FRS) that become effective for accounting periods beginning 1 January 2014.

The adoption of these new and revised FRS does not have any material impact to the Group financial statements.

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.

		Third Quarter Ended		9 Months Ended	
		30/9/2014	30/9/2013	30/9/2014	30/9/2013
Continuing operations					
Earnings per share (based on the profit for the period):					
Based on the weighted average number of ordinary shares in issue	USD Cents	0.000	(0.09)	0.005	0.27
Weighted average number of ordinary shares in issue		449,441,053	449,441,053	449,441,053	449,441,053
On a fully diluted basis	USD Cents	0.000	(0.09)	0.005	0.27
Adjusted weighted average number of ordinary shares in issue		449,441,053	449,441,053	449,441,053	449,441,053
Discontinued operations					
Earnings per share (based on the profit for the period):					
Based on the weighted average number of ordinary shares in issue	USD Cents	0.000	(0.41)	0.000	2.64
Weighted average number of ordinary shares in issue		449,441,053	449,441,053	449,441,053	449,441,053
On a fully diluted basis	USD Cents	0.000	(0.41)	0.000	2.64
Adjusted weighted average number of ordinary shares in issue		449,441,053	449,441,053	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	
	30/9/2014 USD Cents	31/12/2013 USD Cents	30/9/2014 USD Cents	31/12/2013 USD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	7.21	9.59	6.75	9.38

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

The Group recorded a revenue of US\$0.18 million consisting of rental income from land leasing for the three months ended 30 September 2014 ("3Q 2014") and previous corresponding period ended 30 September 2013 ("3Q 2013").

Other income decreased from US\$0.033 million for 3Q 2013 to US\$0.007 million for 3Q 2014, due to lower interest income generated from lower cash balances.

Administrative and other operating expenses decreased 62.5% to US\$0.27 million for 3Q 2014 from US\$0.72 million for 3Q 2013, due mainly to lower foreign exchange loss incurred and lower provision of staff bonus and professional expenses.

Share of results of associate was higher at US\$0.11 million for 3Q 2014 compared to US\$0.07 million for 3Q 2013.

As a result, the Group registered a profit before income tax of US\$0.03 million for 3Q 2014.

Statement of Financial Position

Trade and other receivables decreased to US\$0.16 million as at 30 September 2014 from US\$0.98 million as at 31 December 2013 due mainly to the refund of the terminated pre-paid leases.

Trade and other payables decreased to US\$2.18 million as at 30 September 2014 from US\$4.46 million as at 31 December 2013 due mainly to the payment of directors' incentive bonus for the financial year ended 31 December 2013 and lower provision of staff bonus and professional expenses.

Payment of taxes resulted in the decrease in income tax payable to US\$0.28 million as at 30 September 2014 from US\$2.17 million as at 31 December 2013.

Cash and bank balances decreased to US\$13.6 million as at 30 September 2014 from US\$28.1 million as at 31 December 2013 due mainly to the payment of dividend, income taxes and trade and other payables.

Statement of Cashflows

The Group incurred cash outflow from operating activities of US\$0.13 million for 3Q 2014.

Overall, total cash and cash equivalents decreased from US\$23.78 million as at 30 June 2014 to US\$23.61 million as at 30 September 2014.

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

The Company did not make any forecast and prospect statement in respect of its third quarter financial results ended 30 September 2014.

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.

The operating environment in the construction industry is expected to remain challenging due to the tight labour market situation in Singapore.

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

The Company will continue to develop its civil engineering, construction and property businesses as well as prudently explore new investment and business opportunities that will add value for all stakeholders.

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.

(c) Date payable

Not applicable.

(d) Books closure date

Not Applicable.

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

No interim dividend has been declared.

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 3 months ended 30 Sept 2014 US\$'000	Amount Used To-Date US\$'000
Professional fees pertaining to corporate exercises			-	1,895
Total			-	1,895

Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual

We, Ang Boon Cheow Edward and Ang Boon Chong, being directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of its knowledge, nothing has come to the attention of the board which may render the unaudited financial results for the period under review to be false or misleading in any material respect.

On behalf of the board of directors

Ang Boon Cheow Edward

Ang Boon Chong

BY ORDER OF THE BOARD

Chia Yau Leong
Company Secretary
13 Nov 2014