



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Third Quarter Financial Statement Announcement for the Period Ended 30/09/2016

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		
	30/9/2016	30/9/2015	Incr/(Decr)	30/9/2016	30/9/2015	Incr/(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	180	180	0.0%	540	540	0.0%
Other income	6	6	0.0%	19	19	0.0%
Administrative and other operating expenses	(493)	(1,016)	-51.5%	(1,309)	(1,844)	-29.0%
Finance costs	(1)	-	N.M.	(3)	(2)	50.0%
Share of results of associate, net of tax	171	236	-27.5%	705	375	88.0%
Loss before income tax	(137)	(594)	-76.9%	(48)	(912)	-94.7%
Income tax expense	(33)	(32)	3.1%	(98)	(99)	-1.0%
Loss for the financial period	(170)	(626)	-72.8%	(146)	(1,011)	-85.6%
Other comprehensive income						
Exchange differences on translating foreign operations	(17)	(70)		32	(103)	
Other comprehensive income for the period, net of tax	(17)	(70)		32	(103)	
Total comprehensive income for the period	(187)	(696)		(114)	(1,114)	

N.M. - Not Meaningful

Note to the income statement:

Loss from operations includes the following:

Interest income	6	6	19	19
Interest expenses	1	-	3	2
Depreciation and amortisation	23	26	77	78
(Gain)/Loss on foreign exchange (net)	(12)	41	63	32
Write-off of plant and equipment	7	-	7	-
Reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations	-	662	-	662

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	
	30/9/2016 US\$'000	31/12/2015 US\$'000	30/9/2016 US\$'000	31/12/2015 US\$'000
Non-current assets				
Property, plant and equipment	149	232	149	232
Investment property	10,144	10,144	-	-
Intangible assets	-	1	-	1
Subsidiaries	-	-	7,017	7,017
Investment in associate	4,564	3,859	2,502	2,502
	<u>14,857</u>	<u>14,236</u>	<u>9,668</u>	<u>9,752</u>
Current assets				
Trade and other receivables	248	46	242	39
Fixed deposits	10,000	10,000	10,000	10,000
Cash and bank balances	7,968	9,003	7,081	8,484
	<u>18,216</u>	<u>19,049</u>	<u>17,323</u>	<u>18,523</u>
Current liabilities				
Trade and other payables	2,345	2,399	2,458	2,513
Current income tax payable	270	290	-	-
Interest-bearing liabilities	38	36	38	36
	<u>2,653</u>	<u>2,725</u>	<u>2,496</u>	<u>2,549</u>
Net current assets	<u>15,563</u>	<u>16,324</u>	<u>14,827</u>	<u>15,974</u>
Non-current liabilities				
Interest-bearing liabilities	46	72	46	72
	<u>46</u>	<u>72</u>	<u>46</u>	<u>72</u>
	<u>30,374</u>	<u>30,488</u>	<u>24,449</u>	<u>25,654</u>
Equity				
Share capital	29,344	29,344	29,344	29,344
Other reserves	5,130	5,098	-	-
Retained earnings	(4,100)	(3,954)	(4,895)	(3,690)
Equity attributable to owners of the parent	<u>30,374</u>	<u>30,488</u>	<u>24,449</u>	<u>25,654</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 30/9/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
38	-	36	-

Amount repayable after one year

As at 30/9/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
46	-	72	-

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.

	Third Quarter Ended		9 Months Ended	
	30/09/2016 US\$'000	30/09/2015 US\$'000	30/09/2016 US\$'000	30/09/2015 US\$'000
Operating activities				
Loss before income tax	(137)	(594)	(48)	(912)
Adjustments for:				
Depreciation and amortisation	23	26	77	78
Write-off of plant and equipment	7	-	7	-
Unrealised exchange (gain)/loss	(18)	-	56	-
Reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations	-	662	-	662
Interest expense	1	-	3	2
Interest income	(6)	(6)	(19)	(19)
Share of results of associate	(171)	(236)	(705)	(375)
Operating loss before working capital changes	(301)	(148)	(629)	(564)
Working capital changes:				
Trade and other receivables	(91)	(1)	(199)	37
Trade and other payables	112	61	(72)	(2,745)
Cash used in operations	(280)	(88)	(900)	(3,272)
Interest paid	(1)	-	(3)	(2)
Income taxes paid	-	-	(118)	(665)
Net cash used in operating activities	(281)	(88)	(1,021)	(3,939)
Financing activities				
Repayment of finance lease liabilities	(9)	(13)	(28)	(27)
Interest received	6	6	19	19
Net cash used in financing activities	(3)	(7)	(9)	(8)
Net change in cash and cash equivalents	(284)	(95)	(1,030)	(3,947)
Cash and cash equivalents at beginning of period	18,255	19,432	19,003	23,317
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(3)	(70)	(5)	(103)
Cash and cash equivalents at end of period	17,968	19,267	17,968	19,267
Cash and cash equivalents comprise:				
Cash at banks and on hand	7,968	9,267	7,968	9,267
Short-term deposits	10,000	10,000	10,000	10,000
	17,968	19,267	17,968	19,267

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
2016		
Share capital		
At 1 Jan 2016 and 30 Sept 2016	29,344	29,344
Currency translation reserve		
At 1 Jan 2016	(191)	-
Total comprehensive income for the period	55	-
At 31 Mar 2016	(136)	-
Total comprehensive income for the period	(6)	-
At 30 June 2016	(142)	-
Total comprehensive income for the period	(17)	-
At 30 Sept 2016	(159)	-
Revaluation reserve		
At 1 Jan 2016 and 30 Sept 2016	5,289	-
Retained earnings		
At 1 Jan 2016	(3,954)	(3,690)
Total comprehensive income for the period	7	(325)
At 31 Mar 2016	(3,947)	(4,015)
Total comprehensive income for the period	17	(387)
At 30 June 2016	(3,930)	(4,402)
Total comprehensive income for the period	(170)	(493)
At 30 Sept 2016	(4,100)	(4,895)
Total		
At 1 Jan 2016	30,488	25,654
At 31 Mar 2016	30,550	25,329
At 30 June 2016	30,561	24,942
At 30 Sept 2016	30,374	24,449
2015		
Share capital		
At 1 Jan 2015 and 30 Sept 2015	29,344	29,344
Currency translation reserve		
At 1 Jan 2015	(606)	-
Total comprehensive income for the period	(28)	-
At 31 Mar 2015	(634)	-
Total comprehensive income for the period	(5)	-
At 30 June 2015	(639)	-
Total comprehensive income for the period	592	-
At 30 Sept 2015	(47)	-
Revaluation reserve		
At 1 Jan 2015 and 30 Sept 2015	5,289	-
Retained earnings		
At 1 Jan 2015	(2,186)	(1,979)
Total comprehensive income for the period	(235)	(446)
At 31 Mar 2015	(2,421)	(2,425)
Total comprehensive income for the period	(150)	(381)
At 30 June 2015	(2,571)	(2,806)
Total comprehensive income for the period	(626)	(391)
At 30 Sept 2015	(3,197)	(3,197)
Total		
At 1 Jan 2015	31,841	27,365
At 31 Mar 2015	31,578	26,919
At 30 June 2015	31,423	26,538
At 30 Sept 2015	31,389	26,147

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 2015 and 30 Sept 2016	449,441,053	29,344

During the quarter ended 30 September 2016, the Company did not grant any share options pursuant to the Ocean Sky Share Option Scheme which has lapsed and no options have been exercised. As at 30 September 2016, the Company does not have any outstanding share options of unissued reserved shares. As at 30 September 2015, 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.

	30/9/2016	31/12/2015
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 2016.

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.

(Loss)/Earnings per share (based on the profit for the period):		Third Quarter Ended		9 Months Ended	
		30/09/2016	30/09/2015	30/09/2016	30/09/2015
Based on the weighted average number of ordinary shares in issue	USD Cents	(0.038)	(0.139)	(0.032)	(0.225)
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	(0.038)	(0.139)	(0.032)	(0.225)
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	
	30/9/2016 USD Cents	31/12/2015 USD Cents	30/9/2016 USD Cents	31/12/2015 USD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	6.76	6.78	5.44	5.71

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.**

The Company is a Singapore-based investment holding company with an interest in the civil engineering, construction and related services business ("**Construction and Engineering Business**"), and the business of property development, investment and management ("**Property Business**").

(a) Construction and Engineering Business

The Group is involved in the Construction and Engineering Business through its associate company, Ang Tong Seng Brothers Enterprises Pte. Ltd. ("**ATS**"), which is a civil engineering and construction company that operates primarily in Singapore.

(b) Property Business

The Group is currently leasing out land in Cambodia to generate rental income.

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 2016 ("**3Q 2016**"), which is consistent with the previous corresponding period ended 30 September 2015 ("**3Q 2015**").

Administrative and other operating expenses decreased 51.5% to US\$0.49 million for 3Q 2016 from US\$1.02 million for 3Q 2015, due mainly to (i) reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations for 3Q 2015 which did not recur for 3Q 2016 and (ii) foreign exchange gain for 3Q 2016 as against foreign exchange loss for 3Q 2015, partly offset by higher professional fees incurred for corporate exercises for 3Q 2016.

Share of results of associate decreased 27.5% from US\$0.24 million for 3Q 2015 to US\$0.17 million for 3Q 2016, due mainly to lower civil engineering work performed to certain projects reaching completion and newly started projects.

The Group registered a loss before income tax of US\$0.14 million for 3Q 2016, compared with a loss before income tax of US\$0.59 million for 3Q 2015.

Statement of Financial Position

Property, plant and equipment decreased to US\$0.15 million as at 30 September 2016 from US\$0.23 million as at 31 December 2015 due to depreciation and write-off for the period.

Trade and other receivables increased to US\$0.25 million as at 30 September 2016 from US\$0.05 million as at 31 December 2015 due mainly to the repayment of professional fees in relation to the proposed acquisition of remaining 70% of ATS and Continuing Sponsor fee.

Income tax payable decreased to US\$0.27 million as at 30 September 2016 from US\$0.29 million as at 31 December 2015 due to payment of income taxes, partially offset by current period's provision.

Cash and bank balances decreased to US\$7.97 million as at 30 September 2016 from US\$9.00 million as at 31 December 2015 due mainly to the payment of professional fees for corporate exercises and operating expenses.

Notwithstanding the above, the Group has net cash of approximately US\$15.27 million as at 30 September 2016.

Statement of Cashflows

The Group incurred cash outflow from operating activities of US\$0.28 million for 3Q 2016 due mainly to payment of professional fees for corporate exercises and operating expenses.

Overall, total cash and cash equivalents decreased from US\$19.00 million as at 31 December 2015 to US\$17.97 million as at 30 September 2016.

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 second quarter ended 30 June 2016 on 11 August 2016.

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.

(a) Construction and Engineering Business

According to the Building and Construction Authority's (of Singapore) mid-year review on forecast and actual construction demand released on 26 July 2016, construction contracts to be awarded in 2016 are expected to be between S\$27.0 billion and S\$32.0 billion. Of these, approximately S\$18.5 – S\$20.0 billion will be public sector projects. For the first 8 months of 2016, preliminary actual figures for construction demand for both public and private sector projects have reached S\$18.65 billion. Average construction demand is projected to be between S\$26.0 billion and S\$35.0 billion annually for 2017 and 2018, and S\$26.0 billion to S\$37.0 billion per year for 2019 and 2020.

However, the operating environment in the construction industry will continue to remain competitive with challenges of tight labour supply and increasing business cost in Singapore.

ATS, will continue to prospect actively for new projects while constantly identifying and implementing various controls to reduce costs and improve operational efficiencies.

(b) Property Business

The Group has a 20-year long-term fixed rental rate land lease in Cambodia to generate stable rental income.

To enhance the business fundamentals of the Group, the Company plans to progressively develop its Construction and Engineering Business and Property Business over the course of next two years by exploring business opportunities in the region through acquisition, joint venture and/or strategic alliances that will complement its Construction and Engineering Business, and Property Business.

Notwithstanding, the Company remains mindful of the need to prudently assess all new investment plans to determine their risks and growth potential and will make the appropriate announcements to update its shareholders.

On 21 September 2016, the Company announced that it had entered into a conditional sale and purchase agreement dated 21 September 2016, pursuant to which the Company will acquire the remaining 70% of the issued and paid-up share capital of ATS not held by the Company (the "**Proposed Acquisition**").

After taking into consideration, *inter alia*, ATS's historical financial performance, the Company is of the view that ATS has a profitable business with strong operating track record that can contribute further to the Group's revenue and profits.

The Proposed Acquisition is in line with the Company's strategy of expanding its core civil engineering and construction business, and the Company is of the view that the Proposed Acquisition will improve the business fundamentals of the Group. The Company believes that the Proposed Acquisition will improve its prospects for long-term growth and enhance the Company's value proposition to its Shareholders and stakeholders.

The Company will be seeking the approval of its shareholders for the Proposed Acquisition at an extraordinary general meeting ("**EGM**") to be convened. A circular to shareholders containing, *inter alia*, the notice of the EGM was despatched to the shareholders on 4 November 2016.

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.

An interim dividend has not 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 2016 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. which was terminated as announced on 25 March 2016	-	259
- Corporate exercise pertaining to listing transfer from Main Board to Catalist as announced on 27 February 2016	22	116
- Corporate exercise pertaining to proposed acquisition of remaining 70% of Ang Tong Seng Brothers Enterprises Pte Ltd as announced on 21 September 2016	162	162
Total	184	2,432

Confirmation by the Directors and Executive Officers Pursuant to Rule 720(1) of the Listing manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7H.

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

We, Ang Boon Cheow Edward and Chia Yau Leong, 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

Chia Yau Leong

BY ORDER OF THE BOARD

Chia Yau Leong
Company Secretary
14 November 2016

Sponsor's Statement

This announcement has been prepared by Ocean Sky International Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Augustine Cheong, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.