



**OCEAN SKY INTERNATIONAL LIMITED**

(Co. Regn. No. 198803225E)

**Second Quarter Financial Statement Announcement for the Period Ended 30/06/2014**

**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.

	Second Quarter Ended			Half-Year Ended		
	30/6/2014	30/6/2013	Incr/(Decr)	30/6/2014	30/6/2013	Incr/(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Continuing operations</b>						
Revenue	180	120	50.0%	360	120	200.0%
Other income	6	39	-84.6%	12	2,090	-99.4%
Administrative and other operating expenses	(382)	(271)	41.0%	(714)	(512)	39.5%
Finance costs	(1)	-		(2)	-	
Share of results of associate, net of tax	239	19	1157.9%	434	33	1215.2%
Profit/(Loss) before income tax from continuing operations	42	(93)	N.M.	90	1,731	-94.8%
Income tax expense	(40)	(55)	-27.3%	(68)	(89)	-23.6%
Profit/(Loss) for the financial period from continuing operations	2	(148)	N.M.	22	1,642	-98.7%
<b>Discontinued operations</b>						
Profit for the financial period from discontinued operations	-	12,521	-100.0%	-	13,721	-100.0%
Profit for the financial period	2	12,373	-100.0%	22	15,363	-99.9%
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	16	(80)		36	(136)	
Other comprehensive income for the period, net of tax	16	(80)		36	(136)	
Total comprehensive income for the period	18	12,293		58	15,227	

N.M. - Not Meaningful

**Note to the income statement:**

Profit/(Loss) from operations includes the following:

Interest income	6	43		12	71	
Interest expenses	1	29		2	101	
Depreciation and amortisation	25	105		52	240	
(Gain)/Loss on foreign exchange (net)	(17)	(131)		(78)	63	
Gain on disposal of property, plant and equipment (net)	-	-		-	2,063	
Gain on disposal of subsidiaries	-	15,878		-	15,878	
Write-off of plant and equipment and intangibles	-	-		-	151	
Reversal of impairment of plant and equipment	-	310		-	310	

**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	
	30/6/2014 US\$'000	31/12/2013 US\$'000	30/6/2014 US\$'000	31/12/2013 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	342	394	342	394
Investment property	7,798	7,798	-	-
Intangible assets	1	2	1	2
Subsidiaries	-	-	7,096	7,096
Investment in associate	2,984	2,550	2,502	2,502
	<u>11,125</u>	<u>10,744</u>	<u>9,941</u>	<u>9,994</u>
<b>Current assets</b>				
Trade and other receivables	184	979	1,192	1,243
Fixed deposits	10,000	10,000	10,000	10,000
Cash and bank balances	13,777	28,138	11,239	23,724
	<u>23,961</u>	<u>39,117</u>	<u>22,431</u>	<u>34,967</u>
<b>Current liabilities</b>				
Trade and other payables	2,268	4,457	1,278	2,419
Current income tax payable	251	2,171	151	240
Interest-bearing liabilities	31	31	31	31
	<u>2,550</u>	<u>6,659</u>	<u>1,460</u>	<u>2,690</u>
<b>Net current assets</b>	<u>21,411</u>	<u>32,458</u>	<u>20,971</u>	<u>32,277</u>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	84	99	84	99
Deferred income tax liabilities	10	10	10	10
	<u>94</u>	<u>109</u>	<u>94</u>	<u>109</u>
	<u>32,442</u>	<u>43,093</u>	<u>30,818</u>	<u>42,162</u>
<b>Equity</b>				
Share capital	29,344	29,344	29,344	29,344
Other reserves	4,801	4,765	-	-
Retained earnings	(1,703)	8,984	1,474	12,818
Equity attributable to owners of the parent	<u>32,442</u>	<u>43,093</u>	<u>30,818</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 30/6/2014		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 30/6/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
84	-	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.**

	Second Quarter Ended		Half-Year Ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>				
Profit/(Loss) before income tax from continuing operations	42	(93)	90	1,731
Profit before income tax from discontinued operations	-	12,582	-	14,403
<b>Profit before income tax</b>	<b>42</b>	<b>12,489</b>	<b>90</b>	<b>16,134</b>
Adjustments for:				
Depreciation and amortisation	26	105	53	240
Gain on disposal of subsidiaries	-	(15,878)	-	(15,878)
Gain on disposal of property, plant and equipment	-	-	-	(2,063)
Write-off of plant and equipment and intangibles	-	-	-	151
Reversal of impairment of plant and equipment	-	(310)	-	(310)
Write-back of share option expense	-	(18)	-	(18)
Interest expense	1	29	2	101
Interest income	(6)	(43)	(12)	(71)
Share of results of associate	(239)	(19)	(434)	(33)
Amortisation of prepaid leases	-	29	-	63
<b>Operating loss before working capital changes</b>	<b>(176)</b>	<b>(3,616)</b>	<b>(301)</b>	<b>(1,684)</b>
Working capital changes:				
Inventories	-	(4,421)	-	(3,799)
Trade and other receivables	85	1,352	795	(1,677)
Trade and other payables	(2,009)	6,942	(2,189)	(345)
<b>Cash (used in) / generated from operations</b>	<b>(2,100)</b>	<b>257</b>	<b>(1,695)</b>	<b>(7,505)</b>
Interest paid	(1)	(29)	(2)	(101)
Income taxes paid	(73)	(265)	(1,988)	(329)
<b>Net cash used in operating activities</b>	<b>(2,174)</b>	<b>(37)</b>	<b>(3,685)</b>	<b>(7,935)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	-	(95)	-	(434)
Purchase of computer software	-	(1)	-	(1)
Proceeds from disposal of property, plant and equipment	-	197	-	442
Proceeds from disposal of asset classed as held-for-sale	-	-	-	7,328
Proceeds from disposal of subsidiaries	-	24,007	-	24,007
<b>Net cash from investing activities</b>	<b>-</b>	<b>24,108</b>	<b>-</b>	<b>31,342</b>
<b>Financing activities</b>				
Bills Payable	-	(2,170)	-	3,566
Repayment of long term loans	-	(250)	-	(3,718)
Repayment of finance lease liabilities	(7)	(9)	(15)	(34)
Interest received	6	43	12	71
Dividend paid	(10,709)	(8,621)	(10,709)	(8,621)
<b>Net cash used in financing activities</b>	<b>(10,710)</b>	<b>(11,007)</b>	<b>(10,712)</b>	<b>(8,736)</b>
<b>Net change in cash and cash equivalents</b>	<b>(12,884)</b>	<b>13,064</b>	<b>(14,397)</b>	<b>14,671</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>36,645</b>	<b>50,686</b>	<b>38,138</b>	<b>49,113</b>
Differences from foreign currency exchange rates	16	(115)	36	(149)
<b>Cash and cash equivalents at end of period</b>	<b>23,777</b>	<b>63,635</b>	<b>23,777</b>	<b>63,635</b>
<b>Cash and cash equivalents comprise:</b>				
Cash at banks and on hand	13,777	53,635	13,777	53,635
Short-term deposits	10,000	10,000	10,000	10,000
	<b>23,777</b>	<b>63,635</b>	<b>23,777</b>	<b>63,635</b>

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
<b>2014</b>		
<b>Share capital</b>		
At 1 Jan 2014 and 30 June 2014	29,344	29,344
<b>Currency translation reserve</b>		
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)	-
<b>Revaluation reserve</b>		
At 1 Jan 2014 and 30 Jun 2014	5,289	-
<b>Retained earnings</b>		
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
<b>Total</b>		
At 1 Jan 2014	43,093	42,162
At 31 Mar 2014	43,133	41,933
At 30 June 2014	32,442	30,818
<b>2013</b>		
<b>Share capital</b>		
At 1 Jan 2013 and 30 June 2013	29,344	29,344
<b>Currency translation reserve</b>		
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)	-
<b>Share option reserve</b>		
At 1 Jan 2013 and 31 Mar 2013	18	18
Share-based payment write-back for the period	(18)	(18)
At 30 June 2013	-	-
<b>Retained earnings</b>		
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
<b>Total</b>		
At 1 Jan 2013	81,221	64,126
At 31 Mar 2013	84,155	63,903
At 30 June 2013	87,809	88,073

**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 2013 and 30 June 2014	449,441,053	29,344

During the quarter ended 30 June 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 June 2014, the Company does not have any outstanding share options of unissued reserved shares. As at 30 June 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.**

	30/6/2014	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.**

Earnings per share (based on the profit for the period):		Second Quarter Ended		Half-Year Ended	
		30/06/2014	30/06/2013	30/06/2014	30/06/2013
Based on the weighted average number of ordinary shares in issue	USD Cents	0.000	2.75	0.005	3.42
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	2.75	0.005	3.42
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	
	30/6/2014 USD Cents	31/12/2013 USD Cents	30/6/2014 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	7.22	9.59	6.86	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 for the three months ended 30 June 2014 ("2Q 2014") consisting of rental income from land leasing. The revenue for the three months ended 30 June 2013 ("2Q 2013") consisted of only two months of rental income from land leasing following the disposal of apparel business in 2Q 2013.

Other income decreased from US\$0.039 million for 2Q 2013 to US\$0.006 million for 2Q 2014, due to lower interest income generated from lower cash balances.

Administrative and other operating expenses increased 41.0% to US\$0.38 million for 2Q 2014 from US\$0.27 million for 2Q 2013, due mainly to higher staff cost and operating expenses, as part of which were classified as part of discontinued operations for 2Q 2013.

Share of results of associate was higher at US\$0.24 million for 2Q 2014 compared to US\$0.02 million for 2Q 2013 which was after amortisation of intangibles of US\$0.14 million recognised in accordance with FRS 103.

As a result, the Group registered a profit before income tax of US\$0.04 million for 2Q 2014.

**Statement of Financial Position**

Trade and other receivables decreased to US\$0.18 million as at 30 June 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\$2.27 million as at 30 June 2014 from US\$4.46 million as at 31 December 2013 due mainly to the payment of directors' fee and incentive bonus for the financial year ended 31 December 2013.

Payment of taxes resulted in the decrease in income tax payable to US\$0.25 million as at 30 June 2014 from US\$2.17 million as at 31 December 2013.

**Statement of Cashflows**

The Group incurred cash outflow from operating activities of US\$2.17 million for 2Q 2014.

Dividend payments contributed mainly to the net cash outflow of US\$10.71 million for 2Q 2014 from financing activities.

Overall, total cash and cash equivalents decreased from US\$36.65 million as at 31 March 2014 to US\$23.78 million as at 30 June 2014.

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

N.A.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

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?

Yes.

#### Previous year's interim:

Name of Dividend

Dividend Type

Dividend Amount per Share (in Singapore currency cents)

Tax rate

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

### (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 June 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  
8 Aug 2014