



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

First Quarter Financial Statement Announcement for the Period Ended 31/03/2015

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.

| | 3 Months Ended | | Incr/(Decr) % |
|--|-----------------------|-----------------------|------------------|
| | 31/3/2015 US\$'000 | 31/3/2014 US\$'000 | |
| Revenue | 180 | 180 | 0.0% |
| Other income | 7 | 6 | 16.7% |
| Administrative and other operating expenses | (438) | (332) | 31.9% |
| Finance costs | (1) | (1) | 0.0% |
| Share of results of associate, net of tax | 50 | 195 | -74.4% |
| Profit before income tax | (202) | 48 | N.M. |
| Income tax expense | (33) | (28) | 17.9% |
| (Loss)/Profit for the financial period | (235) | 20 | N.M. |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit and loss account | | | |
| - Exchange differences on translating foreign operations | (28) | 20 | |
| Other comprehensive income for the financial period, net of tax | (28) | 20 | |
| Total comprehensive income for the financial period | (263) | 40 | |

N.M. - Not Meaningful

Note to the income statement:

(Loss)/Profit from operations includes the following:

| | | |
|---------------------------------------|----|------|
| Interest income | 7 | 6 |
| Interest expenses | 1 | 1 |
| Depreciation and amortisation | 26 | 27 |
| Loss/(Gain) on foreign exchange (net) | 8 | (61) |

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 | |
|---|-----------------------|------------------------|-----------------------|------------------------|
| | 31/3/2015 US\$'000 | 31/12/2014 US\$'000 | 31/3/2015 US\$'000 | 31/12/2014 US\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 264 | 290 | 264 | 290 |
| Investment property | 10,484 | 10,484 | - | - |
| Intangible assets | 1 | 1 | 1 | 1 |
| Subsidiaries | - | - | 7,076 | 7,076 |
| Investment in associate | 3,222 | 3,172 | 2,502 | 2,502 |
| | <u>13,971</u> | <u>13,947</u> | <u>9,843</u> | <u>9,869</u> |
| Current assets | | | | |
| Trade and other receivables | 78 | 96 | 924 | 937 |
| Fixed deposits | 10,000 | 10,000 | 10,000 | 10,000 |
| Cash and bank balances | 9,726 | 13,317 | 8,654 | 11,736 |
| | <u>19,804</u> | <u>23,413</u> | <u>19,578</u> | <u>22,673</u> |
| Current liabilities | | | | |
| Trade and other payables | 2,077 | 2,059 | 2,415 | 2,382 |
| Provision for warranty claims | - | 2,700 | - | 2,700 |
| Current income tax payable | 33 | 665 | - | - |
| Interest-bearing liabilities | 28 | 28 | 28 | 28 |
| | <u>2,138</u> | <u>5,452</u> | <u>2,443</u> | <u>5,110</u> |
| Net current assets | <u>17,666</u> | <u>17,961</u> | <u>17,135</u> | <u>17,563</u> |
| Non-current liabilities | | | | |
| Interest-bearing liabilities | 59 | 67 | 59 | 67 |
| | <u>59</u> | <u>67</u> | <u>59</u> | <u>67</u> |
| Net assets | <u>31,578</u> | <u>31,841</u> | <u>26,919</u> | <u>27,365</u> |
| Equity | | | | |
| Share capital | 29,344 | 29,344 | 29,344 | 29,344 |
| Other reserves | 4,655 | 4,683 | - | - |
| Retained earnings | (2,421) | (2,186) | (2,425) | (1,979) |
| Equity attributable to owners of the parent | <u>31,578</u> | <u>31,841</u> | <u>26,919</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 31/3/2015 | | As at 31/12/2014 | |
|---------------------|-----------------------|---------------------|-----------------------|
| Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| 28 | - | 28 | - |

Amount repayable after one year

| As at 31/3/2015 | | As at 31/12/2014 | |
|---------------------|-----------------------|---------------------|-----------------------|
| Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| 59 | - | 67 | - |

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.

| | 3 Months Ended | |
|---|-----------------------|-----------------------|
| | 31/3/2015 US\$'000 | 31/3/2014 US\$'000 |
| Operating activities | | |
| (Loss)/Profit before income tax | (202) | 48 |
| Adjustments for: | | |
| Depreciation and amortisation | 26 | 27 |
| Interest expense | 1 | 1 |
| Interest income | (7) | (6) |
| Share of results of associate | (50) | (195) |
| Operating loss before working capital changes | <u>(232)</u> | <u>(125)</u> |
| Working capital changes: | | |
| Trade and other receivables | 18 | 710 |
| Trade and other payables | (2,682) | (180) |
| Cash (used in) / generated from operations | <u>(2,896)</u> | <u>405</u> |
| Interest paid | (1) | (1) |
| Income taxes paid | (665) | (1,915) |
| Net cash used in operating activities | <u>(3,562)</u> | <u>(1,511)</u> |
| Financing activities | | |
| Repayment of finance lease liabilities | (8) | (8) |
| Interest received | 7 | 6 |
| Net cash used in financing activities | <u>(1)</u> | <u>(2)</u> |
| Net change in cash and cash equivalents | (3,563) | (1,513) |
| Cash and cash equivalents at beginning of financial period | 23,317 | 38,138 |
| Differences from foreign currency exchange rates | (28) | 20 |
| Cash and cash equivalents at end of financial period | <u>19,726</u> | <u>36,645</u> |
| Cash and cash equivalents comprise: | | |
| Cash at banks and on hand | 9,726 | 26,645 |
| Short-term deposits | 10,000 | 10,000 |
| | <u>19,726</u> | <u>36,645</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 Mar 2015 | 29,344 | 29,344 |
| Foreign currency translation reserve | | |
| At 1 Jan 2015 | (606) | - |
| Total comprehensive income for the financial period | (28) | - |
| At 31 Mar 2015 | (634) | - |
| Revaluation reserve | | |
| At 1 Jan 2015 and 31 Mar 2015 | 5,289 | - |
| Retained earnings | | |
| At 1 Jan 2015 | (2,186) | (1,979) |
| Total comprehensive income for the financial period | (235) | (446) |
| At 31 Mar 2015 | (2,421) | (2,425) |
| Total | | |
| At 1 Jan 2015 | 31,841 | 27,365 |
| At 31 Mar 2015 | 31,578 | 26,919 |
| 2014 | | |
| Share capital | | |
| At 1 Jan 2014 and 31 Mar 2014 | 29,344 | 29,344 |
| Foreign currency translation reserve | | |
| At 1 Jan 2014 | (524) | - |
| Total comprehensive income for the financial period | 20 | - |
| At 31 Mar 2014 | (504) | - |
| Revaluation reserve | | |
| At 1 Jan 2014 and 31 Mar 2014 | 5,289 | - |
| Retained earnings | | |
| At 1 Jan 2014 | 8,984 | 12,818 |
| Total comprehensive income for the financial period | 20 | (229) |
| At 31 Mar 2014 | 9,004 | 12,589 |
| Total | | |
| At 1 Jan 2014 | 43,093 | 42,162 |
| At 31 Mar 2014 | 43,133 | 41,933 |

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 Mar 2015 | 449,441,053 | 29,344 |

During the quarter ended 31 March 2015, the Company did not grant any share options pursuant to the Ocean Sky Share Option Scheme and no options have been exercised. As at 31 March 2015, the Company does not have any outstanding share options of unissued reserved shares. As at 31 March 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.

| | 31/3/2015 | 31/12/2014 |
|-------------------------------------|-------------|-------------|
| The total number of issued ordinary | 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 2015. 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.

| | | 3 Months Ended | |
|---|------------------|----------------|-------------|
| | | 31/03/2015 | 31/03/2014 |
| (Loss)/Earnings per share (based on the profit for the financial period): | | | |
| Based on the weighted average number of ordinary shares in issue | USD Cents | (0.052) | 0.004 |
| Weighted average number of ordinary shares in issue | | 449,441,053 | 449,441,053 |
| On a fully diluted basis | USD Cents | (0.052) | 0.004 |
| 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 | |
|---|------------------------|-------------------------|------------------------|-------------------------|
| | 31/3/2015 USD Cents | 31/12/2014 USD Cents | 31/3/2015 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 | 7.03 | 7.08 | 5.99 | 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

The Group recorded a revenue of US\$0.18 million consisting of rental income from land leasing for the three months ended 31 March 2015 ("1Q 2015"), which is consistent with the previous corresponding period ended 31 March 2014 ("1Q 2014").

Administrative and other operating expenses increased 31.9% to US\$0.44 million for 1Q 2015 from US\$0.33 million for 1Q 2014, due mainly to professional fees incurred in relation to the proposed acquisition of Link (THM) Holdings Pte. Ltd. and foreign exchange loss as compared to foreign exchange gain for 1Q 2014.

Share of results of associate decreased from US\$0.20 million for 1Q 2014 to US\$0.05 million for 1Q 2015, due mainly to higher business cost as a result of tight labour market.

As a result, the Group registered a loss before income tax of US\$0.20 million for 1Q 2015, compared with a profit before income tax of US\$0.05 million for 1Q 2014.

Statement of Financial Position

US\$2.70 million was paid as full and final settlement of the warranty claims received as previously announced on 23 March 2015.

Payment of taxes resulted in the decrease in income tax payable to US\$0.03 million as at 31 March 2015 from US\$0.67 million as at 31 December 2014.

Cash and bank balances decreased to US\$9.73 million as at 31 March 2015 from US\$13.32 million as at 31 December 2014 due mainly to the payment of income taxes and warranty claims.

Statement of Cashflows

The Group incurred cash outflow from operating activities of US\$3.56 million for 1Q 2015 due mainly to payment of income taxes and warranty claims.

Overall, total cash and cash equivalents decreased from US\$23.32 million as at 31 December 2014 to US\$19.73 million as at 31

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 or prospect statement in respect of its first quarter financial results ended 31 March 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 years long-term fixed rental rate land lease in Cambodia to generate stable rental income.

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

On 25 March 2015, the Company announced that it has entered into a conditional sale and purchase agreement with Mr. Tan Heng Mong, Ms Tan Bee Hoon, Mr. Chan Teck Huat and Mr. Tan Heng Kiat (the "Vendors") in relation to the proposed acquisition of the Vendors' entire equity interest in Link (THM) Holdings Pte. Ltd. by the Company (the "Proposed Acquisition").

The Company will make further announcements, in compliance with the listing rules of the Singapore Exchange Securities Trading Limited, when there are material developments in respect of the Proposed Acquisition.

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
3.0 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.

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 31 March 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 | 72 | 72 |
| Total | 72 | 1,967 |

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

7 May 2015