



**OCEAN SKY INTERNATIONAL LIMITED  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

The board of directors (the “Board” or “Directors”) of Ocean Sky International Limited (the “Company”) hereby announces the condensed interim consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022. The Group’s interim results for the six months ended 30 June 2023 are unaudited.

	Note	6 Months Ended		+ / (-)
		30.6.2023	30.6.2022	%
		\$'000	\$'000	
Revenue	4	16,743	14,311	17.0%
Cost of services		(14,843)	(12,286)	20.8%
Gross profit		1,900	2,025	(6.2%)
Other income		115	269	(57.2%)
Administrative and other operating expenses		(2,454)	(2,781)	(11.8%)
Finance costs	5	(328)	(259)	26.6%
Share of results of joint ventures, net of tax		337	180	87.2%
<b>Loss before income tax</b>	5	(430)	(566)	(24.0%)
Income tax expense	6	(267)	(118)	126.3%
<b>Loss for the financial period attributable to owners of the parent</b>		(697)	(684)	1.9%
<b>Other comprehensive income:</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
- Exchange differences on translating foreign operations		351	618	
Other comprehensive income for the financial period, net of tax		351	618	
<b>Total comprehensive income for the financial period attributable to owners of the parent</b>		(346)	(66)	
<b>Loss per share (cents)</b>				
- Basic and diluted		(0.16)	(0.16)	

*The accompanying notes form an integral part of these condensed interim financial statements.*

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

		Group		Company	
	Note	30.6.2023 \$'000	31.12.2022 \$'000	30.6.2023 \$'000	31.12.2022 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	8	10,808	11,282	52	74
Investment property	9	17,608	17,357	-	-
Investments in subsidiaries		-	-	26,519	25,860
Investments in joint ventures		8,214	7,643	-	-
		<u>36,630</u>	<u>36,282</u>	<u>26,571</u>	<u>25,934</u>
<b>Current assets</b>					
Inventories		214	254	-	-
Trade and other receivables		17,427	25,916	11,101	23,114
Contract assets	10	4,769	4,790	-	-
Cash and cash equivalents		14,866	7,787	9,177	404
		<u>37,276</u>	<u>38,747</u>	<u>20,278</u>	<u>23,518</u>
Less:					
<b>Current liabilities</b>					
Trade and other payables		8,237	7,962	20,060	21,686
Contract liabilities	10	346	275	-	-
Provisions		509	432	-	-
Bank term loans	11	2,044	13,279	-	-
Lease liabilities	11	268	283	18	17
Current income tax payable		483	482	-	-
		<u>11,887</u>	<u>22,713</u>	<u>20,078</u>	<u>21,703</u>
<b>Net current assets</b>		<u>25,389</u>	<u>16,034</u>	<u>200</u>	<u>1,815</u>
Less:					
<b>Non-current liabilities</b>					
Bank term loans	11	16,855	6,839	-	-
Lease liabilities	11	1,936	2,064	43	52
Deferred tax liabilities		228	67	-	-
		<u>19,019</u>	<u>8,970</u>	<u>43</u>	<u>52</u>
<b>Net assets</b>		<u>43,000</u>	<u>43,346</u>	<u>26,728</u>	<u>27,697</u>
<b>Equity</b>					
Share capital	12	55,169	55,169	55,169	55,169
Foreign currency translation reserve		(235)	(586)	-	-
Accumulated losses		(11,934)	(11,237)	(28,441)	(27,472)
<b>Equity attributable to owners of the parent</b>		<u>43,000</u>	<u>43,346</u>	<u>26,728</u>	<u>27,697</u>

*The accompanying notes form an integral part of these condensed interim financial statements.*

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the parent \$'000
<b>The Group</b>				
Balance at 1 January 2023	55,169	(586)	(11,237)	43,346
<b>Loss for the financial period</b>	-	-	(697)	(697)
<b>Other comprehensive income for the financial period</b>				
Exchange differences on translating foreign operations	-	351	-	351
Total other comprehensive income for the financial period	-	351	-	351
<b>Total comprehensive income for the financial period</b>	-	351	(697)	(346)
Balance at 30 June 2023	<u>55,169</u>	<u>(235)</u>	<u>(11,934)</u>	<u>43,000</u>
Balance at 1 January 2022	55,169	(597)	(10,508)	44,064
<b>Loss for the financial period</b>	-	-	(684)	(684)
<b>Other comprehensive income for the financial period</b>				
Exchange differences on translating foreign operations	-	618	-	618
Total other comprehensive income for the financial period	-	618	-	618
<b>Total comprehensive income for the financial period</b>	-	618	(684)	(66)
Balance at 30 June 2022	<u>55,169</u>	<u>21</u>	<u>(11,192)</u>	<u>43,998</u>

*The accompanying notes form an integral part of these condensed interim financial statements.*

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

	Share capital \$'000	Accumulated losses \$'000	Equity attributable to owners of the parent \$'000
<b><u>The Company</u></b>			
Balance at 1 January 2023	55,169	(27,472)	27,697
<b>Total comprehensive income for the financial period</b>	-	(969)	(969)
Balance at 30 June 2023	<u>55,169</u>	<u>(28,441)</u>	<u>26,728</u>
Balance at 1 January 2022	55,169	(24,262)	30,907
<b>Total comprehensive income for the financial period</b>	-	(1,500)	(1,500)
Balance at 30 June 2022	<u>55,169</u>	<u>(25,762)</u>	<u>29,407</u>

*The accompanying notes form an integral part of these condensed interim financial statements.*

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	<b>6 Months Ended</b>	
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
<b>Loss before income tax</b>	(430)	(566)
Adjustments for:		
Depreciation of property, plant and equipment	537	628
Gain on disposal of property, plant and equipment	(8)	(12)
Interest expense	328	259
Interest income	(68)	(2)
Provision made for defects liability	94	149
Share of results of joint ventures	(337)	(180)
Unrealised foreign exchange loss	2	13
<b>Operating cash flows before working capital changes</b>	<u>118</u>	<u>289</u>
Working capital changes:		
Inventories	40	(63)
Trade and other receivables	(3,593)	(1,055)
Contract assets and contract liabilities	92	(1,718)
Trade and other payables	274	355
Provisions	(17)	(21)
<b>Net cash used in operations</b>	<u>(3,086)</u>	<u>(2,213)</u>
Income taxes paid	(107)	(62)
<b>Net cash used in operating activities</b>	<u>(3,193)</u>	<u>(2,275)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note 8)	(63)	(247)
Increase in investment property	(540)	-
Proceeds from disposals of property, plant and equipment	8	15
Repayment of advances from joint ventures	11,872	-
Interest received	68	2
<b>Net cash from/(used in) investing activities</b>	<u>11,345</u>	<u>(230)</u>
<b>Financing activities</b>		
Interest paid	(328)	(259)
Repayment of bank borrowings	(1,024)	(1,017)
Repayment of lease liabilities	(143)	(100)
<b>Net cash used in financing activities</b>	<u>(1,495)</u>	<u>(1,376)</u>
<b>Net change in cash and cash equivalents</b>	6,657	(3,881)
<b>Cash and cash equivalents at beginning of financial period</b>	7,787	14,585
Effect of foreign exchange rate changes on cash and cash equivalents	422	775
<b>Cash and cash equivalents at end of financial period</b>	<u>14,866</u>	<u>11,479</u>

*The accompanying notes form an integral part of these condensed interim financial statements.*

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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These notes form an integral part of, and should be read in conjunction with, the financial statements.

### **1. General corporate information**

Ocean Sky International Limited (the “Company”) is a public limited company incorporated and domiciled in Singapore with its registered office and principal place of business at 29 Tuas South Street 1 Singapore 638036. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Company’s registration number is 198803225E.

These condensed interim consolidated financial statements as at and for the six months financial period ended 30 June 2023 comprise the Company and its subsidiaries (the “Group”). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are:

- (a) Building and civil engineering;
- (b) Wholesales/leasing of construction-related machinery and materials;
- (c) Property developments; and
- (d) Investment holding.

### **2. Basis of preparation**

The condensed interim financial statements for the six months financial period ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited financial statements for the financial year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards and changes in accounting policies as set out in Note 2.1.

The condensed interim financial statements are expressed in Singapore dollar, which is the functional currency of the Company and the presentation currency for the condensed interim financial statements and rounded to the nearest thousand (“\$’000”), unless otherwise stated.

#### **2.1 New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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**2. Basis of preparation (Continued)**

**2.2 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of opinion that there is no significant judgement and estimation made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period, except for the fair value of investment property as disclosed in Note 9 to the condensed interim financial statements.

**3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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**4. Segment reporting**

The Group is organised into the following main business segments:

- Construction and engineering segment - the business of building and civil engineering contractors; and
- Property segment - the business of leasing of properties and development of properties.

These operating segments are reported in a manner consistent with internal reporting provided to Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

	<b>Construction and engineering \$'000</b>	<b>Property \$'000</b>	<b>Unallocated \$'000</b>	<b>Consolidated \$'000</b>
<b>1.1.2023 to 30.6.2023</b>				
<b>Revenue</b>				
Revenue from external customers	16,170	573	-	16,743
Total revenue	<u>16,170</u>	<u>573</u>	<u>-</u>	<u>16,743</u>
<b>Results</b>				
Segment results	1,025	153	(1,148)	30
Interest income	35	-	33	68
Interest expense	(96)	(231)	(1)	(328)
Depreciation of property, plant and equipment	(514)	-	(23)	(537)
Share of results of joint ventures	-	337	-	337
<b>Profit/(Loss) before income tax</b>	<u>450</u>	<u>259</u>	<u>(1,139)</u>	<u>(430)</u>
Income tax expense				<u>(267)</u>
<b>Loss for the financial period</b>				<u><u>(697)</u></u>
<b>Capital expenditure</b>				
Additions to non-current assets	63	540	-	603
<b>Assets and liabilities</b>				
Segment assets	<u>36,137</u>	<u>28,486</u>	<u>9,283</u>	<u>73,906</u>
Segment liabilities	18,330	12,007	341	30,678
Deferred tax liabilities				<u>228</u>
Total liabilities				<u><u>30,906</u></u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

**4. Segment reporting (Continued)**

	<b>Construction and engineering \$'000</b>	<b>Property \$'000</b>	<b>Unallocated \$'000</b>	<b>Consolidated \$'000</b>
<b>1.1.2022 to 30.6.2022</b>				
<b>Revenue</b>				
Revenue from external customers	13,634	677	-	14,311
Total revenue	<u>13,634</u>	<u>677</u>	<u>-</u>	<u>14,311</u>
<b>Results</b>				
Segment results	1,409	270	(1,540)	139
Interest income	2	-	-	2
Interest expense	(99)	(158)	(2)	(259)
Depreciation of property, plant and equipment	(605)	-	(23)	(628)
Share of results of joint ventures	-	180	-	180
<b>Profit/(Loss) before income tax</b>	<u>707</u>	<u>292</u>	<u>(1,565)</u>	<u>(566)</u>
Income tax expense				(118)
<b>Loss for the financial period</b>				<u>(684)</u>
<b>Capital expenditure</b>				
Additions to non-current assets	328	-	-	328
<b>Assets and liabilities</b>				
Segment assets	<u>34,521</u>	<u>40,043</u>	<u>1,073</u>	<u>75,637</u>
Segment liabilities	17,632	13,366	495	31,493
Deferred tax liabilities				146
Total liabilities				<u>31,639</u>
<b>Geographic information</b>				
<b><u>Revenue by geographical market</u></b>				
	<b>Singapore \$'000</b>	<b>Australia \$'000</b>	<b>Consolidated \$'000</b>	
<b>1.1.2023 to 30.6.2023</b>				
Construction and engineering	16,170	-	16,170	
Property	-	573	573	
<b>1.1.2022 to 30.6.2022</b>				
Construction and engineering	13,634	-	13,634	
Property	-	677	677	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

**4. Segment reporting (Continued)**

**Disaggregation of revenue**

Segment	Group 6 Months Ended					
	Construction and engineering		Property		Total	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Type of good or service</i>						
Over time						
- Contract revenue	16,004	13,537	-	-	16,004	13,537
Point in time						
- Sales of construction materials	10	8	-	-	10	8
Lease income	156	89	573	677	729	766
	<u>16,170</u>	<u>13,634</u>	<u>573</u>	<u>677</u>	<u>16,743</u>	<u>14,311</u>

**5. Loss before income tax**

Loss before income tax for the financial period is arrived after charging/(crediting) the following:

**5.1 Significant items**

	Group 6 Months Ended	
	30.6.2023	30.6.2022
	\$'000	\$'000
<i>Other income</i>		
Interest income	68	2
Government grants	32	254
	<u>32</u>	<u>254</u>
<i>Cost of services</i>		
Depreciation of property, plant and equipment	298	424
Provision made for defects liability	94	149
Material costs	2,855	2,757
Short-term leases	314	259
	<u>314</u>	<u>259</u>
<i>Administrative and other operating expenses</i>		
Depreciation of property, plant and equipment	239	204
Foreign exchange loss, net	366	802
Gain on disposal of property, plant and equipment	(8)	(12)
	<u>(8)</u>	<u>(12)</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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**5. Loss before income tax (Continued)**

**5.1 Significant items (Continued)**

	<b>Group</b>	
	<b>6 Months Ended</b>	
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Finance costs</i>		
Interest expense		
- Bank term loans	292	231
- Lease liabilities	36	28
	<hr/>	<hr/>

**5.2 Related party transactions**

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following were significant related party transactions during the financial period:

	<b>Group</b>	
	<b>6 Months Ended</b>	
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Entity controlled by Non-Executive Director</u></b>		
Site and market study fee for under utilised land of Melbourne investment property	25	-
	<hr/>	<hr/>

**6. Income tax expense**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	<b>Group</b>	
	<b>6 Months Ended</b>	
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax:		
- current period	86	138
- under provision in prior years	20	-
	<hr/>	<hr/>
	106	138
Deferred tax:		
- current period	161	(20)
	<hr/>	<hr/>
Total income tax expense	<hr/>	<hr/>
	267	118

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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**7. Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>\$ Cents</b>	<b>\$ Cents</b>	<b>\$ Cents</b>	<b>\$ Cents</b>
Net asset value per ordinary share	9.99	10.07	6.21	6.43

Net asset value per ordinary share is computed based on the number of issued ordinary shares of 430,610,283 as at 30 June 2023 and 31 December 2022 respectively.

**8. Property, plant and equipment**

During the six months financial period ended 30 June 2023, the Group acquired assets amounted to \$63,000 (30 June 2022: \$328,000) and disposed of assets amounted to \$Nil (30 June 2022: \$2,000).

Consolidated statement of cash flows

During the six months financial period ended 30 June 2023, the Group's additions to property, plant and equipment were financed as follows:

	<b>Group</b>	
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Additions to property, plant and equipment	63	328
Acquired under lease agreements	-	(81)
Cash payments to acquire property, plant and equipment	63	247

**9. Investment property**

The Group's investment property consist of a four-story office building, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. The property is leased to third parties under operating leases.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>At fair value</u>		
At 1 January	17,357	20,567
Addition	540	-
Currency re-alignment	(289)	(583)
At 30 June	17,608	19,984

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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**9. Investment property (Continued)**

Valuation techniques and assumptions

The investment property was valued by independent professional valuers at recent financial year ended 31 December 2022 who hold a recognised and relevant professional qualification and have recent experience in the location and category of the property held by the Group.

In determining the fair value, the valuers have used capitalisation approach, direct comparison approach and discounted cash flows approach which make reference to certain estimates. The key assumptions used to determine the fair value of investment property include, amongst others, capitalisation rates, occupancy details, and price per square metre of gross/net lettable area. The fair value hierarchy used was Level 3.

The valuations were based on the property's highest and best use, which was in line with its actual use. Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness.

As at 31 December 2022, the significant input to valuation techniques using income capitalisation approach in respect of investment property in Australia was the capitalisation rate of 6.50%. An adjustment of capitalisation rate to 6.75% would result in a decrease of fair value of the investment property by \$674,000.

**10. Contract assets and contract liabilities**

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract assets	4,769	4,790
Contract liabilities	346	275

Contract assets primarily relate to the right to consideration for work completed but not yet billed at reporting date for civil engineering works. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the obligation to transfer goods or services to customers for which the Group has received advances from customers for civil engineering works. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

**11. Borrowings**

Borrowings by the Group comprise bank term loans and finance lease liabilities of \$916,000 (31 December 2022: \$1,047,000), which are recorded under "Lease liabilities".

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amount repayable within one year</b>		
Secured	1,000	12,291
Unsecured	1,288	1,248
<b>Amount repayable after one year</b>		
Secured	16,161	5,599
Unsecured	1,366	2,027
	<u>19,815</u>	<u>21,165</u>

Bank term loans and finance lease liabilities of the Group are secured over certain property, plant and equipment and investment property of the Group.

**12. Share capital**

	<b>Group and Company</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Issued and fully paid</b>		
430,610,283 ordinary shares at beginning and end of interim period	<u>55,169</u>	<u>55,169</u>

**13. Financial assets and financial liabilities**

The carrying amounts of financial assets and financial liabilities of the Group and the Company as at 30 June 2023 and 31 December 2022 recorded at amortised cost are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Trade and other receivables	16,894	25,466	11,081	23,057
Cash and cash equivalents	14,866	7,787	9,177	404
Total financial assets carried at amortised cost	<u>31,760</u>	<u>33,253</u>	<u>20,258</u>	<u>23,461</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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**13. Financial assets and financial liabilities (Continued)**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial liabilities</b>				
Trade and other payables	7,610	7,518	20,060	21,686
Bank term loans	18,899	20,118	-	-
Lease liabilities	2,204	2,347	61	69
Total financial liabilities carried at amortised cost	<u>28,713</u>	<u>29,983</u>	<u>20,121</u>	<u>21,755</u>

**14. Fair value of financial assets and financial liabilities**

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

*Fair value hierarchy*

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**15. Subsequent events**

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE  
APPENDIX 7C

## OTHER INFORMATION

1. (a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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	\$'000
	Ordinary shares	
At 31 December 2022 and 30 June 2023	<u>430,610,283</u>	<u>55,169</u>

The Company did not have any outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2023 and 30 June 2022.

No shares were bought back by the Company during the six months financial periods ended 30 June 2023 and 30 June 2022 respectively.

- (b) 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.

	30.6.2023	31.12.2022
The total number of issued ordinary shares excluding treasury shares	<u>430,610,283</u>	<u>430,610,283</u>

- (c) 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.

There were no treasury shares held by the Company during and as at the end of the current financial period reported on.

- (d) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

## OTHER INFORMATION (CONTINUED)

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The condensed statements of financial position of Ocean Sky International Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes 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).**

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.  
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

- 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 has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements for the financial year ended 31 December 2022 except as disclosed in paragraph 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 SFRS(I) that become effective for accounting periods beginning 1 January 2023. The adoption of these new and revised SFRS(I) does not have any material impact to the Group's financial statements.

## OTHER INFORMATION (CONTINUED)

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.**

	6 Months Ended	
	30.6.2023	30.6.2022
<b>Loss per share (based on the loss for the financial period):</b>		
Loss per share ("EPS") in SGD Cents - Basic <sup>(1)</sup>	(0.16)	(0.16)
Weighted average number of ordinary shares in issue	430,610,283	430,610,283
Loss per share ("EPS") in SGD Cents – Diluted <sup>(2)</sup>	(0.16)	(0.16)
Weighted average number of ordinary shares in issue	430,610,283	430,610,283

Notes:

- (1) The calculation for the basic EPS for the relevant financial periods is based on the weighted average number of ordinary shares of the Company during the relevant financial periods.
- (2) For six months ended 30 June 2023 and 30 June 2022 respectively, the diluted EPS is the same as the basic EPS as the Company does not have any dilutive options during the period.

7. **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**").

## OTHER INFORMATION (CONTINUED)

### Statement of Comprehensive Income

**Review of the Group's performance for the 6 months ended 30 June 2023 ("HYE2023") as compared to previous corresponding period ended 30 June 2022 ("HYE2022")**

	6 Months Ended		+ / (-)	+ / (-)
	30.6.2023	30.6.2022		
	\$'000	\$'000	\$'000	%
<b>Revenue</b>				
- Construction and Engineering Business	16,170	13,634	2,536	18.6%
- Property Business	573	677	(104)	(15.4%)
<b>Total Revenue</b>	<b>16,743</b>	<b>14,311</b>	<b>2,432</b>	

The Group recorded a revenue of \$16.74 million for HYE2023 compared with \$14.31 million for HYE2022.

Revenue from Construction and Engineering Business of \$16.17 million for HYE2023 was \$2.54 million higher compared with \$13.63 million for HYE2022 due mainly to higher level of construction activities and progress made in various on-going projects.

Revenue from Property Business of \$0.57 million for HYE2023 was \$0.11 million lower compared with \$0.68 million for HYE2022 due to lower occupancy rate achieved by the Melbourne investment property for HYE2023.

	6 Months Ended		+ / (-)	+ / (-)
	30.6.2023	30.6.2022		
	\$'000	\$'000	\$'000	%
<b>Cost of Services</b>				
- Construction and Engineering Business	14,592	12,044	2,548	21.2%
- Property Business	251	242	9	3.7%
<b>Total Cost of Services</b>	<b>14,843</b>	<b>12,286</b>	<b>2,557</b>	

In line with the increased construction activities, and increased headcounts, costs of services for Construction and Engineering Business of \$14.59 million for HYE2023 was \$2.55 million higher compared with \$12.04 million for HYE2022. The costs of services for Property Business of \$0.25 million for HYE2023 was \$0.01 million marginally higher compared with \$0.24 million for HYE2022 for the Melbourne investment property.

The gross profit margin ("GPM") for the Construction and Engineering Business was 9.8% and 11.7% for HYE2023 & HYE2022 respectively. The lower GPM for HYE2023 was due mainly to the rising of overall business costs as above.

Other income of \$0.12 million, comprising mainly government grants and interest income, for HYE2023 was \$0.15 million lower compared with \$0.27 million for HYE2022 due mainly to the absence of grants received from Singapore Government to support the businesses affected by COVID-19, partly offset by higher interest income earned on more short-term fixed deposits placement and at higher interest rates.

## OTHER INFORMATION (CONTINUED)

### Statement of Comprehensive Income (Continued)

Administrative and other operating expenses of \$2.45 million for HYE2023 was \$0.33 million lower compared with \$2.78 million for HYE2022, due mainly to lower unrealised foreign exchange loss arising from the depreciation of Singapore dollar against United States dollar ("USD") for the USD denominated financial liabilities and appreciation of Singapore dollar against Australian dollar ("AUD") for the AUD denominated financial assets.

Finance costs of \$0.33 million for HYE2023 was \$0.07 million higher compared with \$0.26 million for HYE2022 due mainly to higher interest rates for the Melbourne property loan.

Share of results of joint ventures was a profit of \$0.34 million for HYE2023 as compared with a profit of \$0.18 million for HYE2022. The increase of \$0.16 million was due mainly to the higher sale of units in development project, partly offset by higher interest expenses incurred.

Income tax expense of \$0.27 million for HYE2023 was \$0.15 million higher compared with \$0.12 million for HYE2022 due mainly to deferred tax provision on temporary differences, partly offset by lower taxable profit recorded for Construction and Engineering Business in HYE2023.

As a result of the foregoing, the Group registered a loss after income tax of \$0.70 million for HYE2023, compared with a loss after income tax of \$0.68 million for HYE2022.

### Statement of Financial Position

#### **Review of the Group's financial position as at 30 June 2023 as compared to 31 December 2022**

Property, plant and equipment decreased to \$10.81 million as at 30 June 2023 from \$11.28 million as at 31 December 2022 due mainly to the depreciation during the financial period, partly offset by additions of new plant and equipment.

Investment property increased to \$17.61 million as at 30 June 2023 from \$17.36 million as at 31 December 2022 due to additional refurbishment costs incurred, offset by the currency re-alignment of Australian dollar denominated investment property in Melbourne.

Investment in joint ventures increased to \$8.21 million as at 30 June 2023 from \$7.64 million as at 31 December 2022 due mainly to recognition of share of profit of joint ventures and advances extended to the joint venture for the financial period.

Trade and other receivables decreased to \$17.43 million as at 30 June 2023 from \$25.92 million as at 31 December 2022 due mainly to the repayment of shareholder loan extended to a joint venture, partly offset by higher retention sums and certification received on work done from customers towards the end of financial period following the higher revenue recognised by the Group's Construction and Engineering Business.

Net contract assets decreased to \$4.42 million as at 30 June 2023 from \$4.52 million as at 31 December 2022 due mainly to higher certification received on the work done from the customers by the Group's Construction and Engineering Businesses, which resulted in higher receivables as discussed above.

Trade and other payables increased to \$8.24 million as at 30 June 2023 from \$7.96 million as at 31 December 2022 due mainly to higher level of construction activities by the Group's Construction and Engineering Business as discussed above.

## OTHER INFORMATION (CONTINUED)

### Statement of Financial Position (Continued)

Provisions increased to \$0.51 million as at 30 June 2023 from \$0.43 million as at 31 December 2022 due to increase in provision of defects liability for the completed projects, offset by the utilisation of provision during the financial period.

Total bank term loans decreased to \$18.90 million as at 30 June 2023 from \$20.12 million as at 31 December 2022 due mainly to repayment and currency re-alignment of AUD denominated property loan during the financial period.

Total lease liabilities decreased to \$2.20 million as at 30 June 2023 from \$2.35 million as at 31 December 2022 due to repayment during the financial period.

### Statement of Cashflows

#### Review of the Group's cashflows for HYE2023

The Group recorded net cash outflow of \$3.19 million from operating activities for HYE2023 due mainly to net working capital outflow of \$3.20 million and income tax paid of \$0.11 million, partly offset by operating cash inflow before working capital changes of \$0.12 million.

The Group recorded net cash inflow of \$11.35 million from investing activities for HYE2023 due mainly to repayment from joint venture, partly offset by additional refurbishment costs incurred for Melbourne investment property and purchase of plant and equipment.

The Group recorded net cash outflow of \$1.50 million from financing activities for HYE2023 due mainly to the repayment of bank borrowings and payment obligations under leases, as well as payment of interest expenses.

Overall, total cash and cash equivalents increased by \$7.08 million from \$7.79 million as at 31 December 2022 to \$14.87 million as at 30 June 2023.

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

The Group's results for the six months financial period ended 30 June 2023 is consistent with the profit guidance announcement released by the Company on 31 July 2023.

**9. 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 operating period and the next 12 months**

While the broader long-term outlook for the construction and property industries is positive, the operating environment remains challenging over the next 12 months.



## OTHER INFORMATION (CONTINUED)

### (a) Construction and Engineering Business

Advance estimates released by the Ministry of Trade and Industry Singapore (MTI)<sup>1</sup> on 14 July 2023 indicated that Singapore's construction sector grew by 6.6% year-on-year in the second quarter of 2023 and 6.9% in the first quarter of 2023, supported by expansions in both private and public sector construction output.

While construction activity continues to pick up, the Group expects the operating environment in the construction industry to remain challenging with higher operating costs. Construction materials and labour costs remain elevated amidst inflationary pressures.

The Group continues to focus on improving its overall productivity and operational efficiency to mitigate the impact of these challenges as it builds its orderbook for sustainable growth.

### (b) Property Business

#### Singapore

Real estate statistics by the Urban Redevelopment Authority (URA)<sup>2</sup> indicate that prices of non-landed private residential properties in the Core Central Region (CCR) declined by 0.1% in the second quarter of 2023, compared with the 0.8% increase in the previous quarter.

Following the increase in buyer's stamp duty, the number of non-landed private residential properties bought by foreigners has fallen significantly<sup>3</sup>.

Nevertheless, sales are ongoing for Cairnhill 16, the Group's joint venture development in District 9 (CCR). The project is expected to obtain its TOP this year and the Group will continue to work closely with its joint venture partners to focus on achieving full sales completion as the project continues to attract buyers' interest.

#### Australia

The Group continues to engage property agents to secure new tenants for the existing vacant space of its investment property, 541 Blackburn Rd, Melbourne, to achieve full occupancy rate, which currently stands at approximately 75% of net lettable area.

In line with the Group's marketing efforts, refurbishment works including landscaping and exterior improvements are also being carried out to enhance the property's attractiveness to potential tenants.

Interest costs remain high with the current official cash rate as determined by the Reserve Bank of Australia<sup>4</sup> (RBA) standing at 4.1%, which could consequently affect the overall returns of investments.

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<sup>1</sup> MTI 14 July 2023, [Singapore's GDP grew by 0.7% in the second quarter of 2023](#)

<sup>2</sup> URA 28 July 2023, [Private housing market shows signs of moderation](#)

<sup>3</sup> BT 3 July 2023, [Singapore private home prices slip for first time in 3 years](#)

<sup>4</sup> RBA 5 July 2023, [Cash rate target](#)

## OTHER INFORMATION (CONTINUED)

### Cambodia

27 of 28 units of Eco Garden Mall, a joint venture shophouse development project, have been partially or fully rented out, generating income for the Group in the near term. The Group continues to work closely with its joint venture partners to intensify its sales and marketing efforts in Cambodia.

## 10. Dividend

**If a decision regarding dividend has been made:**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

No interim dividend has been declared for HYE2023.

**(b) Amount per share (cents) and previous corresponding period (cents).**

Not applicable. No dividend has been declared for HYE2022.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable. No dividend has been declared for HYE2023.

**(d) The date the dividend is payable?**

Not applicable.

**(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**11. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared/recommended for HYE2023 as the Company currently does not have profits available for the declaration of a dividend.

**12. 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.

There was no disclosable interested person transaction during the financial period under review.

## OTHER INFORMATION (CONTINUED)

**13. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

**14. Disclosure of Acquisition (including incorporation) and sale of shares under Catalist Rule 706A**

The Company are in the process of striking off two dormant subsidiaries namely Atlantic Sky Investment Pte. Ltd. and Bloom Time Trading (2002) Pte. Ltd..

Save as disclosed above, the Company did not acquire or dispose shares in any companies during the six months financial period ended 30 June 2023.

**15. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules.**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six months financial period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ang Boon Cheow Edward

Chia Boon Kuah

## BY ORDER OF THE BOARD

Low Wei Han  
Company Secretary

10 August 2023

## **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") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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 person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.