



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

First Quarter Financial Statement Announcement for the Period Ended 31/03/2014

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.

	3 Months Ended		Incr/(Decr) %
	31/3/2014 US\$'000	31/3/2013 US\$'000	
Continuing operations			
Revenue	180	-	N.M.
Other income	6	2,051	-99.7%
Administrative and other operating expenses	(332)	(241)	37.8%
Finance costs	(1)	-	N.M.
Share of results of associate, net of tax	195	14	1292.9%
Profit before income tax from continuing operations	48	1,824	-97.4%
Income tax expense	(28)	(34)	-17.6%
Profit for the financial period from continuing operations	20	1,790	-98.9%
Discontinued operations			
Profit for the financial period from discontinued operations	-	1,200	N.M.
Profit for the financial period	20	2,990	-99.3%
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss account			
- Exchange differences on translating foreign operations	20	(56)	
Other comprehensive income for the financial period, net of tax	20	(56)	
Total comprehensive income for the financial period	40	2,934	

N.M. - Not Meaningful

Note to the income statement:

Profit from operations includes the following:

Interest income	6	28
Interest expenses	1	72
Depreciation and amortisation	27	135
(Gain)/Loss on foreign exchange (net)	(61)	194
Gain on disposal of property, plant and equipment (net)	-	2,063
Write-off of plant and equipment and intangibles	-	151

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	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	367	394	367	394
Investment property	7,798	7,798	-	-
Intangible assets	2	2	2	2
Subsidiaries	-	-	7,096	7,096
Investment in associate	2,745	2,550	2,502	2,502
	<u>10,912</u>	<u>10,744</u>	<u>9,967</u>	<u>9,994</u>
Current assets				
Trade and other receivables	269	979	1,187	1,243
Fixed deposits	10,000	10,000	10,000	10,000
Cash and bank balances	26,645	28,138	23,437	23,724
	<u>36,914</u>	<u>39,117</u>	<u>34,624</u>	<u>34,967</u>
Current liabilities				
Trade and other payables	4,277	4,457	2,303	2,419
Current income tax payable	284	2,171	223	240
Interest-bearing liabilities	31	31	31	31
	<u>4,592</u>	<u>6,659</u>	<u>2,557</u>	<u>2,690</u>
Net current assets	<u>32,322</u>	<u>32,458</u>	<u>32,067</u>	<u>32,277</u>
Non-current liabilities				
Interest-bearing liabilities	91	99	91	99
Deferred income tax liabilities	10	10	10	10
	<u>101</u>	<u>109</u>	<u>101</u>	<u>109</u>
	<u>43,133</u>	<u>43,093</u>	<u>41,933</u>	<u>42,162</u>
Equity				
Share capital	29,344	29,344	29,344	29,344
Other reserves	4,785	4,765	-	-
Retained earnings	9,004	8,984	12,589	12,818
Equity attributable to owners of the parent	<u>43,133</u>	<u>43,093</u>	<u>41,933</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 31/3/2014		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 31/3/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
91	-	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.

	3 Months Ended	
	31/3/2014	31/3/2013
	US\$'000	US\$'000
Operating activities		
Profit before income tax from continuing operations	48	1,824
Profit before income tax from discontinued operations	-	1,821
Profit before income tax	48	3,645
Adjustments for:		
Depreciation and amortisation	27	135
Gain on disposal of property, plant and equipment	-	(2,063)
Write-off of plant and equipment and intangibles	-	151
Interest expense	1	72
Interest income	(6)	(28)
Share of results of associate	(195)	(14)
Amortisation of prepaid leases	-	34
Operating profit before working capital changes	(125)	1,932
Working capital changes:		
Inventories	-	622
Trade and other receivables	710	(3,029)
Trade and other payables	(180)	(7,287)
Cash generated from / (used in) operations	405	(7,762)
Interest paid	(1)	(72)
Income taxes paid	(1,915)	(64)
Net cash used in operating activities	(1,511)	(7,898)
Investing activities		
Purchase of property, plant and equipment	-	(339)
Proceeds from disposal of property, plant and equipment	-	7,573
Net cash from investing activities	-	7,234
Financing activities		
Bills Payable	-	5,736
Repayment of long term loans	-	(3,468)
Repayment of finance lease liabilities	(8)	(25)
Interest received	6	28
Net cash (used in) / from financing activities	(2)	2,271
Net change in cash and cash equivalents	(1,513)	1,607
Cash and cash equivalents at beginning of financial period	38,138	49,113
Differences from foreign currency exchange rates	20	(34)
Cash and cash equivalents at end of financial period	36,645	50,686
Cash and cash equivalents comprise:		
Cash at banks and on hand	26,645	35,686
Short-term deposits	10,000	15,000
	36,645	50,686

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group US\$'000	Company US\$'000
2014		
Share capital		
At 1 Jan 2014 and 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
2013		
Share capital		
At 1 Jan 2013 and 31 Mar 2013	29,344	29,344
Foreign currency translation reserve		
At 1 Jan 2013	(284)	-
Total comprehensive income for the financial period	(56)	-
At 31 Mar 2013	(340)	-
Share option reserve		
At 1 Jan 2013 and 31 Mar 2013	18	18
Retained earnings		
At 1 Jan 2013	52,143	34,764
Total comprehensive income for the financial period	2,990	(223)
At 31 Mar 2013	55,133	34,541
Total		
At 1 Jan 2013	81,221	64,126
At 31 Mar 2013	84,155	63,903

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 31 Mar 2014	449,441,053	29,344

During the quarter ended 31 March 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 31 March 2014, the Company does not have any outstanding share options of unissued reserved shares. As at 31 March 2013, the Company has 365,000 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.

	31/3/2014	31/12/2013
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 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.

		3 Months Ended	
		31/03/2014	31/03/2013
Earnings per share (based on the profit for the financial period):			
Based on the weighted average number of ordinary shares in issue	USD Cents	0.004	0.67
Weighted average number of ordinary shares in issue		449,441,053	449,303,730
On a fully diluted basis	USD Cents	0.004	0.67
Adjusted weighted average number of ordinary shares in issue		449,441,053	449,517,435

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	
	31/3/2014 USD Cents	31/12/2013 USD Cents	31/3/2014 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	9.60	9.59	9.33	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 31 March 2014 ("1Q 2014") consisting of rental income from land leasing.

Other income decreased from US\$2.05 million for the three months ended 31 March 2013 ("1Q 2013") to US\$0.006 million for 1Q 2014, due to lower interest income and the recognition of one-off gain on disposal of two Hong Kong properties of US\$2.03 million for 1Q 2013.

Administrative and other operating expenses increased 37.8% to US\$0.33 million for 1Q 2014 from US\$0.24 million for 1Q 2013, due mainly to higher staff cost and operating expenses, as part of which were classified as part of discontinued operations for 1Q 2013.

Share of results of associate was higher at US\$0.20 million for 1Q 2014 compared to US\$0.01 million for 1Q 2013 which was after amortisation of intangibles of US\$0.06 million recognised in accordance with FRS 103.

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

Statement of Financial Position

Trade and other receivables decreased to US\$0.27 million as at 31 March 2014 from US\$0.98 million as at 31 December 2013 due mainly to the refund of the terminated leases.

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

Statement of Cashflows

The Group incurred cash outflow from operating activities of US\$1.51 million for 1Q 2014.

Overall, total cash and cash equivalents decreased from US\$38.14 million as at 31 December 2013 to US\$36.65 million as at 31 March 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?

Yes.

Recommended Interim dividend:

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)

(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

**Special Interim
Cash
1.6 cents** Per Ordinary Share
Tax Exempt (One-Tier)

(c) Date payable

Paid on 2 April 2014.

(d) Books closure date

N/A.

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

An interim dividend has been paid on 2 April 2014.

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 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
14 May 2014