



OCEAN SKY INTERNATIONAL LIMITED

(Co. Regn. No. 198803225E)

Third Quarter Financial Statement Announcement for the Period Ended 30/09/2015

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.

	Third Quarter Ended			9 Months Ended		
	30/9/2015	30/9/2014	Incr/(Decr)	30/9/2015	30/9/2014	Incr/(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	180	180	0.0%	540	540	0.0%
Other income	6	7	-14.3%	19	19	0.0%
Administrative and other operating expenses	(1,016)	(271)	274.9%	(1,844)	(985)	87.2%
Finance costs	-	(1)	-100.0%	(2)	(3)	-33.3%
Share of results of associate, net of tax	236	111	112.6%	375	545	-31.2%
(Loss)/Profit before income tax	(594)	26	N.M.	(912)	116	N.M.
Income tax expense	(32)	(25)	28.0%	(99)	(93)	6.5%
(Loss)/Profit for the financial period	(626)	1	N.M.	(1,011)	23	N.M.
Other comprehensive income						
Exchange differences on translating foreign operations	(70)	(34)		(103)	2	
Other comprehensive income for the period, net of tax	(70)	(34)		(103)	2	
Total comprehensive income for the period	(696)	(33)		(1,114)	25	

N.M. - Not Meaningful

Note to the income statement:

(Loss)/Profit from operations includes the following:

Interest income	6	7	19	19
Interest expenses	-	1	2	3
Depreciation and amortisation	26	26	78	79
Loss/(Gain) on foreign exchange (net)	41	26	32	(52)
Reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations	662	-	662	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30/9/2015 US\$'000	31/12/2014 US\$'000	30/9/2015 US\$'000	31/12/2014 US\$'000
Non-current assets				
Property, plant and equipment	212	290	212	290
Investment property	10,484	10,484	-	-
Intangible assets	1	1	1	1
Subsidiaries	-	-	7,017	7,076
Investment in associate	3,547	3,172	2,502	2,502
	<u>14,244</u>	<u>13,947</u>	<u>9,732</u>	<u>9,869</u>
Current assets				
Trade and other receivables	59	96	54	937
Fixed deposits	10,000	10,000	10,000	10,000
Cash and bank balances	9,267	13,317	8,823	11,736
	<u>19,326</u>	<u>23,413</u>	<u>18,877</u>	<u>22,673</u>
Current liabilities				
Trade and other payables	2,014	2,059	2,394	2,382
Provision for warranty claims	-	2,700	-	2,700
Current income tax payable	99	665	-	-
Interest-bearing liabilities	28	28	28	28
	<u>2,141</u>	<u>5,452</u>	<u>2,422</u>	<u>5,110</u>
Net current assets	<u>17,185</u>	<u>17,961</u>	<u>16,455</u>	<u>17,563</u>
Non-current liabilities				
Interest-bearing liabilities	40	67	40	67
	<u>40</u>	<u>67</u>	<u>40</u>	<u>67</u>
	<u>31,389</u>	<u>31,841</u>	<u>26,147</u>	<u>27,365</u>
Equity				
Share capital	29,344	29,344	29,344	29,344
Other reserves	5,242	4,683	-	-
Retained earnings	(3,197)	(2,186)	(3,197)	(1,979)
Equity attributable to owners of the parent	<u>31,389</u>	<u>31,841</u>	<u>26,147</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 30/9/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
28	-	28	-

Amount repayable after one year

As at 30/9/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
40	-	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.

	Third Quarter Ended		9 Months Ended	
	30/09/2015 US\$'000	30/09/2014 US\$'000	30/09/2015 US\$'000	30/09/2014 US\$'000
Operating activities				
(Loss)/Profit before income tax	(594)	26	(912)	116
Adjustments for:				
Depreciation and amortisation	26	26	78	79
Reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations	662	-	662	-
Interest expense	-	1	2	3
Interest income	(6)	(7)	(19)	(19)
Share of results of associate	(236)	(111)	(375)	(545)
Operating loss before working capital changes	<u>(148)</u>	<u>(65)</u>	<u>(564)</u>	<u>(366)</u>
Working capital changes:				
Trade and other receivables	(1)	25	37	820
Trade and other payables	61	(88)	(2,745)	(2,278)
Cash used in operations	<u>(88)</u>	<u>(128)</u>	<u>(3,272)</u>	<u>(1,824)</u>
Interest paid	-	(1)	(2)	(3)
Income taxes paid	-	-	(665)	(1,987)
Net cash used in operating activities	<u>(88)</u>	<u>(129)</u>	<u>(3,939)</u>	<u>(3,814)</u>
Financing activities				
Repayment of finance lease liabilities	(13)	(8)	(27)	(23)
Interest received	6	7	19	19
Dividend paid	-	-	-	(10,709)
Net cash used in financing activities	<u>(7)</u>	<u>(1)</u>	<u>(8)</u>	<u>(10,713)</u>
Net change in cash and cash equivalents	(95)	(130)	(3,947)	(14,527)
Cash and cash equivalents at beginning of period	19,432	23,777	23,317	38,138
Differences from foreign currency exchange rates	(70)	(34)	(103)	2
Cash and cash equivalents at end of period	<u>19,267</u>	<u>23,613</u>	<u>19,267</u>	<u>23,613</u>
Cash and cash equivalents comprise:				
Cash at banks and on hand	9,267	13,613	9,267	13,613
Short-term deposits	10,000	10,000	10,000	10,000
	<u>19,267</u>	<u>23,613</u>	<u>19,267</u>	<u>23,613</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 30 Sept 2015	29,344	29,344
Currency translation reserve		
At 1 Jan 2015	(606)	-
Total comprehensive income for the period	(28)	-
At 31 Mar 2015	(634)	-
Total comprehensive income for the period	(5)	-
At 30 June 2015	(639)	-
Total comprehensive income for the period	592	-
At 30 Sept 2015	(47)	-
Revaluation reserve		
At 1 Jan 2015 and 30 Sept 2015	5,289	-
Retained earnings		
At 1 Jan 2015	(2,186)	(1,979)
Total comprehensive income for the period	(235)	(446)
At 31 Mar 2015	(2,421)	(2,425)
Total comprehensive income for the period	(150)	(381)
At 30 June 2015	(2,571)	(2,806)
Total comprehensive income for the period	(626)	(391)
At 30 Sept 2015	(3,197)	(3,197)
Total		
At 1 Jan 2015	31,841	27,365
At 31 Mar 2015	31,578	26,919
At 30 June 2015	31,423	26,538
At 30 Sept 2015	31,389	26,147
2014		
Share capital		
At 1 Jan 2014 and 30 Sept 2014	29,344	29,344
Currency translation reserve		
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)	-
Total comprehensive income for the period	(34)	-
At 30 Sept 2014	(522)	-
Revaluation reserve		
At 1 Jan 2014 and 30 Sept 2014	5,289	-
Retained earnings		
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
Total comprehensive income for the period	1	(462)
At 30 Sept 2014	(1,702)	1,012
Total		
At 1 Jan 2014	43,093	42,162
At 31 Mar 2014	43,133	41,933
At 30 June 2014	32,442	30,818
At 30 Sept 2014	32,409	30,356

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 30 Sept 2015	449,441,053	29,344

During the quarter ended 30 Sept 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 30 Sept 2015, the Company does not have any outstanding share options of unissued reserved shares. As at 30 Sept 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.

	30/9/2015	31/12/2014
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 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.

(Loss)/Earnings per share (based on the profit for the period):	Third Quarter Ended		9 Months Ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
Based on the weighted average number of ordinary shares in issue	USD Cents (0.139)	#	(0.225)	0.005
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 (0.139)	#	(0.225)	0.005
Adjusted weighted average number of ordinary shares in issue	449,441,053	449,441,053	449,441,053	449,441,053

- denotes less than 0.001 USD cents

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	GROUP		COMPANY	
	30/9/2015 USD Cents	31/12/2014 USD Cents	30/9/2015 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	6.98	7.08	5.82	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 30 September 2015 ("3Q 2015"), which is consistent with the previous corresponding period ended 30 September 2014 ("3Q 2014").

Administrative and other operating expenses increased 274.9% to US\$1.02 million for 3Q 2015 from US\$0.27 million for 3Q 2014, due mainly to reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations, professional fees in relation to the proposed acquisition of Link (THM) Holdings Pte Ltd and higher foreign exchange loss incurred.

Share of results of associate increased from US\$0.11 million for 3Q 2014 to US\$0.24 million for 3Q 2015, due mainly to increased revenue which was partially offset by higher labour costs.

As a result, the Group registered a loss before income tax of US\$0.59 million for 3Q 2015, compared with a profit before income tax of US\$0.03 million for 3Q 2014.

Statement of Financial Position

US\$2.70 million was paid as full and final settlement of the warranty claims received.

Payment of taxes resulted in the decrease in income tax payable to US\$0.10 million as at 30 September 2015 from US\$0.67 million as at 31 December 2014.

Cash and bank balances decreased to US\$9.27 million as at 30 September 2015 from US\$13.32 million as at 31 December 2014 due mainly to the payment of warranty claims, income taxes and operating expenses.

Statement of Cashflows

The Group incurred cash outflow from operating activities of US\$0.09 million for 3Q 2015 due mainly to payment of operating expenses.

Overall, total cash and cash equivalents decreased from US\$19.43 million as at 30 June 2015 to US\$19.27 million as at 30 September 2015.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for the second quarter ended 30 June 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-year long-term fixed rental rate land lease in Cambodia to generate stable rental income.

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

The Company is expected to incur higher professional fees in relation to the proposed acquisition of Link (THM) Holdings Pte Ltd in the coming months.

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 of Link (THM) Holdings Pte Ltd.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not Applicable.

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

An interim dividend has not been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

14. Use of proceeds.

On 29 March 2012, the Company issued 23,630,000 shares by way of a private placement and the net proceeds amounted to approximately US\$2,468,000. The following table shows an update on the use of proceeds as at the date of this report:

Use of Proceeds	Amount Used in 3 months ended 30 Sept 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	60	153
Total	60	2,048

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
13 November 2015