

**OCEAN SKY INTERNATIONAL LIMITED**

(Co. Regn. No. 198803225E)

First Quarter Financial Statement Announcement for the Period Ended 31/03/2016**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) %
	31/3/2016 US\$'000	31/3/2015 US\$'000	
Revenue	180	180	0.0%
Other income	6	7	-14.3%
Administrative and other operating expenses	(400)	(438)	-8.7%
Finance costs	(1)	(1)	0.0%
Share of results of associate, net of tax	256	50	412.0%
Profit/(Loss) before income tax	41	(202)	N.M.
Income tax expense	(34)	(33)	3.0%
Profit/(Loss) for the financial period	7	(235)	N.M.
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss account			
- Exchange differences on translating foreign operations	55	(28)	
Other comprehensive income for the financial period, net of tax	55	(28)	
Total comprehensive income for the financial period	62	(263)	

N.M. - Not Meaningful

Note to the income statement:

Profit/(Loss) from operations includes the following:

Interest income	6	7
Interest expenses	1	1
Depreciation and amortisation	26	26
Loss on foreign exchange (net)	72	8

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	
	31/3/2016 US\$'000	31/12/2015 US\$'000	31/3/2016 US\$'000	31/12/2015 US\$'000
Non-current assets				
Property, plant and equipment	206	232	206	232
Investment property	10,144	10,144	-	-
Intangible assets	-	1	-	1
Subsidiaries	-	-	7,017	7,017
Investment in associate	4,115	3,859	2,502	2,502
	<u>14,465</u>	<u>14,236</u>	<u>9,725</u>	<u>9,752</u>
Current assets				
Trade and other receivables	83	46	81	39
Fixed deposits	10,000	10,000	10,000	10,000
Cash and bank balances	8,713	9,003	8,132	8,484
	<u>18,796</u>	<u>19,049</u>	<u>18,213</u>	<u>18,523</u>
Current liabilities				
Trade and other payables	2,402	2,399	2,506	2,513
Current income tax payable	206	290	-	-
Interest-bearing liabilities	38	36	38	36
	<u>2,646</u>	<u>2,725</u>	<u>2,544</u>	<u>2,549</u>
Net current assets	<u>16,150</u>	<u>16,324</u>	<u>15,669</u>	<u>15,974</u>
Non-current liabilities				
Interest-bearing liabilities	65	72	65	72
	<u>65</u>	<u>72</u>	<u>65</u>	<u>72</u>
Net assets	<u>30,550</u>	<u>30,488</u>	<u>25,329</u>	<u>25,654</u>
Equity				
Share capital	29,344	29,344	29,344	29,344
Other reserves	5,153	5,098	-	-
Retained earnings	(3,947)	(3,954)	(4,015)	(3,690)
Equity attributable to owners of the parent	<u>30,550</u>	<u>30,488</u>	<u>25,329</u>	<u>25,654</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 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
38	-	36	-

Amount repayable after one year

As at 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
65	-	72	-

Details of any collateral

Finance lease liabilities are secured by rights to leased assets of two motor vehicles.

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	
	31/3/2016	31/3/2015
	US\$'000	US\$'000
Operating activities		
Profit/(Loss) before income tax	41	(202)
Adjustments for:		
Depreciation and amortisation	26	26
Interest expense	1	1
Interest income	(6)	(7)
Share of results of associate	(256)	(50)
Operating loss before working capital changes	<u>(194)</u>	<u>(232)</u>
Working capital changes:		
Trade and other receivables	(37)	18
Trade and other payables	(4)	(2,682)
Cash used in from operations	<u>(235)</u>	<u>(2,896)</u>
Interest paid	(1)	(1)
Income taxes paid	(118)	(665)
Net cash used in operating activities	<u>(354)</u>	<u>(3,562)</u>
Financing activities		
Repayment of finance lease liabilities	(9)	(8)
Interest received	6	7
Net cash used in financing activities	<u>(3)</u>	<u>(1)</u>
Net change in cash and cash equivalents	(357)	(3,563)
Cash and cash equivalents at beginning of financial period	19,003	23,317
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	67	(28)
Cash and cash equivalents at end of financial period	<u>18,713</u>	<u>19,726</u>
Cash and cash equivalents comprise:		
Cash at banks and on hand	8,713	9,726
Short-term deposits	10,000	10,000
	<u>18,713</u>	<u>19,726</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
2016		
Share capital		
At 1 Jan 2016 and 31 Mar 2016	29,344	29,344
Foreign currency translation reserve		
At 1 Jan 2016	(191)	-
Total comprehensive income for the financial period	55	-
At 31 Mar 2016	(136)	-
Revaluation reserve		
At 1 Jan 2016 and 31 Mar 2016	5,289	-
Retained earnings		
At 1 Jan 2016	(3,954)	(3,690)
Total comprehensive income for the financial period	7	(325)
At 31 Mar 2016	(3,947)	(4,015)
Total		
At 1 Jan 2016	30,488	25,654
At 31 Mar 2016	30,550	25,329
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

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 2015 and 31 Mar 2016	449,441,053	29,344

During the quarter ended 31 March 2016, the Company did not grant any share options pursuant to the Ocean Sky Share Option Scheme which has lapsed and no options have been exercised. As at 31 March 2016, the Company does not have any outstanding share options of unissued reserved shares. As at 31 March 2015, 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.

	31/3/2016	31/12/2015
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 2016. 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	
		31/03/2016	31/03/2015
Earnings/(Loss) per share (based on the profit for the financial period):			
Based on the weighted average number of ordinary shares in issue	USD Cents	0.002	(0.052)
Weighted average number of ordinary shares in issue		449,441,053	449,441,053
On a fully diluted basis	USD Cents	0.002	(0.052)
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	
	31/3/2016 USD Cents	31/12/2015 USD Cents	31/3/2016 USD Cents	31/12/2015 USD Cents
Net asset value per ordinary share based on the existing issued share capital as at the end of respective periods	6.80	6.78	5.64	5.71

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 2016 ("1Q 2016"), which is consistent with the previous corresponding period ended 31 March 2015 ("1Q 2015").

Administrative and other operating expenses decreased 8.7% to US\$0.40 million for 1Q 2016 from US\$0.44 million for 1Q 2015, due mainly to lower staff cost and no professional fees incurred for corporate exercise, partly offset by higher foreign exchange loss for 1Q 2016.

Share of results of associate increased from US\$0.05 million for 1Q 2015 to US\$0.26 million for 1Q 2016, due mainly to civil engineering work performed to certain higher profit margin projects partly offset by higher labour costs.

As a result, the Group registered a profit before income tax of US\$0.04 million for 1Q 2016, compared with a loss before income tax of US\$0.20 million for 1Q 2015.

Statement of Financial Position

Property, plant and equipment decreased to US\$0.21 million as at 31 March 2016 from US\$0.23 million as at 31 December 2015 due to depreciation for the quarter.

Trade and other receivables increased to US\$0.08 million as at 31 March 2016 from US\$0.05 million as at 31 December 2015 due mainly to the prepayment of professional fees in relation to the proposed transfer to the Catalist Board.

Payment of income taxes mainly resulted in the decrease in income tax payable to US\$0.21 million as at 31 March 2016 from US\$0.29 million as at 31 December 2015.

Cash and bank balances decreased to US\$8.71 million as at 31 March 2016 from US\$9.0 million as at 31 December 2015 due mainly to the payment of income taxes and operating expenses.

Statement of Cashflows

The Group incurred cash outflow from operating activities of US\$0.35 million for 1Q 2016 due mainly to payment of income taxes and operating expenses.

Overall, total cash and cash equivalents decreased from US\$19.00 million as at 31 December 2015 to US\$18.71 million as at 31 March 2016.

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 full year ended 31 December 2015 on 29 February 2016 and responses to SGX queries on 23 March 2016.

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 Group's associate, Ang Tong Seng Brothers Enterprises Pte Ltd ("ATS"), is a civil engineering and construction company that operates primarily in Singapore.

For 2016, the Building and Construction Authority of Singapore projected the total construction demand or value of construction contracts to be awarded to be between S\$27 billion to S\$34 billion, with about 65% to be driven by public sector demand. The demand for civil engineering construction is expected to remain strong beyond 2016 due to major infrastructure works in the pipeline.

However, the business environment that ATS operates in is expected to remain competitive and challenging due to increasing business cost arising from the tight Singapore labour market.

ATS, with its strong track record and a preferred contractor with its major customers, will continue to prospect actively for new projects while constantly identifying and implementing various controls to reduce costs to improve operational efficiencies.

The Company will make further announcements, in compliance with the listing rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), when there are material developments in respect of the proposed transfer of the listing of the Company from the Main Board of the SGX-ST to the Catalist Board of the SGX-ST.

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.

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 2016 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	-	213
Total	-	2,108

Confirmation by the Directors and Executive Officers Pursuant to Rule 720(1) of the Listing manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

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

3 May 2016