



**OCEAN SKY INTERNATIONAL LIMITED
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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 2022, together with the comparative figures for the six months ended 30 June 2021. The Group’s interim results for the six months ended 30 June 2022 are unaudited.

	Note	6 Months Ended		+ / (-)
		30.6.2022	30.6.2021	%
		\$'000	\$'000	
Revenue	4	14,311	12,913	10.8%
Cost of services		(12,286)	(10,041)	22.4%
Gross profit		2,025	2,872	(29.5%)
Other income		269	307	(12.4%)
Administrative and other operating expenses		(2,781)	(2,368)	17.4%
Finance costs	5	(259)	(278)	(6.8%)
Share of profit/(loss) of joint ventures, net of tax		180	(290)	N.M.
(Loss)/Profit before income tax	5	(566)	243	N.M.
Income tax expense	6	(118)	(224)	(47.3%)
(Loss)/Profit for the financial period attributable to owners of the parent		(684)	19	N.M.
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
- Exchange differences on translating foreign operations		618	401	
Other comprehensive income for the financial period, net of tax		618	401	
Total comprehensive income for the financial period attributable to owners of the parent		(66)	420	
(Loss)/Earnings per share (cents)				
- Basic and diluted		(0.159)	0.004	

N.M. : Not meaningful

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

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	Group		Company	
		30.6.2022 \$'000	31.12.2021 \$'000	30.6.2022 \$'000	31.12.2021 \$'000
Non-current assets					
Property, plant and equipment	8	10,905	11,208	97	119
Investment property	9	19,984	20,567	-	-
Investments in subsidiaries		-	-	39,800	39,768
Investments in joint ventures		18,479	18,235	-	-
		<u>49,368</u>	<u>50,010</u>	<u>39,897</u>	<u>39,887</u>
Current assets					
Inventories		263	200	-	-
Trade and other receivables		10,557	9,502	9,480	9,667
Contract assets	10	3,970	2,460	-	-
Cash and cash equivalents		11,479	14,585	952	1,751
		<u>26,269</u>	<u>26,747</u>	<u>10,432</u>	<u>11,418</u>
Less:					
Current liabilities					
Trade and other payables		6,536	6,181	20,844	20,312
Contract liabilities	10	389	597	-	-
Provisions		604	476	-	-
Bank term loans	11	2,103	2,103	-	-
Lease liabilities	11	185	190	17	17
Current income tax payable		504	416	-	-
		<u>10,321</u>	<u>9,963</u>	<u>20,861</u>	<u>20,329</u>
Net current assets/(liabilities)		<u>15,948</u>	<u>16,784</u>	<u>(10,429)</u>	<u>(8,911)</u>
Less:					
Non-current liabilities					
Bank term loans	11	19,523	20,901	-	-
Lease liabilities	11	1,649	1,663	61	69
Deferred tax liabilities		146	166	-	-
		<u>21,318</u>	<u>22,730</u>	<u>61</u>	<u>69</u>
Net assets		<u>43,998</u>	<u>44,064</u>	<u>29,407</u>	<u>30,907</u>
Equity					
Share capital	12	55,169	55,169	55,169	55,169
Reserves		21	(597)	-	-
Accumulated losses		(11,192)	(10,508)	(25,762)	(24,262)
Equity attributable to owners of the parent		<u>43,998</u>	<u>44,064</u>	<u>29,407</u>	<u>30,907</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 2022**

	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the parent \$'000
The Group				
Balance at 1 January 2022	55,169	(597)	(10,508)	44,064
Loss for the financial period	-	-	(684)	(684)
Other comprehensive income for the financial period				
Exchange differences on translating foreign operations	-	618	-	618
Total other comprehensive income for the financial period	-	618	-	618
Total comprehensive income for the financial period	-	618	(684)	(66)
Balance at 30 June 2022	<u>55,169</u>	<u>21</u>	<u>(11,192)</u>	<u>43,998</u>
Balance at 1 January 2021				
- as previously reported	55,167	(1,105)	(13,304)	40,758
- prior year restatement	-	-	2,113	2,113
- as restated	<u>55,167</u>	<u>(1,105)</u>	<u>(11,191)</u>	<u>42,871</u>
Profit for the financial period	-	-	19	19
Other comprehensive income for the financial period				
Exchange differences on translating foreign operations	-	401	-	401
Total other comprehensive income for the financial period	-	401	-	401
Total comprehensive income for the financial period	-	401	19	420
Balance at 30 June 2021	<u>55,167</u>	<u>(704)</u>	<u>(11,172)</u>	<u>43,291</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 2022 (CONTINUED)**

	Share capital \$'000	Accumulated losses \$'000	Equity attributable to owners of the parent \$'000
<u>The Company</u>			
Balance at 1 January 2022	55,169	(24,262)	30,907
Total comprehensive income for the financial period	-	(1,500)	(1,500)
Balance at 30 June 2022	<u>55,169</u>	<u>(25,762)</u>	<u>29,407</u>
Balance at 1 January 2021	55,167	(22,319)	32,848
Total comprehensive income for the financial period	-	(1,224)	(1,224)
Balance at 30 June 2021	<u>55,167</u>	<u>(23,543)</u>	<u>31,624</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 2022**

	6 Months Ended	
	30.6.2022	30.6.2021
	\$'000	\$'000
Operating activities		
(Loss)/Profit before income tax	(566)	243
Adjustments for:		
Depreciation of property, plant and equipment	628	553
Gain on disposal of property, plant and equipment	(12)	(23)
Interest expense	259	278
Interest income	(2)	-
Plant and equipment written off	-	2
Provision made for defects liability	149	152
Share of (profit)/loss of joint ventures	(180)	290
Unrealised foreign exchange loss	13	36
Operating cash flows before working capital changes	<u>289</u>	<u>1,531</u>
Working capital changes:		
Inventories	(63)	(170)
Trade and other receivables	(1,055)	(1,126)
Contract assets and contract liabilities	(1,718)	259
Trade and other payables	355	(2,798)
Provisions	(21)	(4)
Net cash used in operations	<u>(2,213)</u>	<u>(2,308)</u>
Income taxes paid	(62)	(3,376)
Net cash used in operating activities	<u>(2,275)</u>	<u>(5,684)</u>
Investing activities		
Purchase of property, plant and equipment (Note 8)	(247)	(887)
Proceeds from disposals of property, plant and equipment	15	32
Advances to joint ventures	-	(969)
Interest received	2	-
Net cash used in investing activities	<u>(230)</u>	<u>(1,824)</u>
Financing activities		
Interest paid	(259)	(278)
Repayment of bank borrowings	(1,017)	(588)
Repayment of lease liabilities	(100)	(114)
Net cash used in financing activities	<u>(1,376)</u>	<u>(980)</u>
Net change in cash and cash equivalents	(3,881)	(8,488)
Cash and cash equivalents at beginning of financial period	14,585	20,575
Effect of foreign exchange rate changes on cash and cash equivalents	775	606
Cash and cash equivalents at end of financial period	<u>11,479</u>	<u>12,693</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 2022

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 2022 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 contractors;
- (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 2022 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 2021.

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 2022**

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 2021.

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 properties 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 2022**

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.

	Construction and engineering \$'000	Property \$'000	Unallocated \$'000	Consolidated \$'000
1.1.2022 to 30.6.2022				
Revenue				
Revenue from external customers	13,634	677	-	14,311
Total revenue	<u>13,634</u>	<u>677</u>	<u>-</u>	<u>14,311</u>
Results				
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 profit of joint ventures	-	180	-	180
Profit/(Loss) before income tax	<u>707</u>	<u>292</u>	<u>(1,565)</u>	<u>(566)</u>
Income tax expense				<u>(118)</u>
Loss for the financial period				<u><u>(684)</u></u>
Capital expenditure				
Additions to non-current assets	328	-	-	328
Assets and liabilities				
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				<u>146</u>
Total liabilities				<u><u>31,639</u></u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

4. Segment reporting (Continued)

	Construction and engineering \$'000	Property \$'000	Unallocated \$'000	Consolidated \$'000
1.1.2021 to 30.6.2021				
Revenue				
Revenue from external customers	12,091	822	-	12,913
Total revenue	<u>12,091</u>	<u>822</u>	<u>-</u>	<u>12,913</u>
Results				
Segment results	2,049	545	(1,230)	1,364
Interest expense	(101)	(171)	(6)	(278)
Depreciation of property, plant and equipment	(487)	-	(66)	(553)
Share of loss of joint ventures	-	(290)	-	(290)
Profit/(Loss) before income tax	<u>1,461</u>	<u>84</u>	<u>(1,302)</u>	<u>243</u>
Income tax expense				(224)
Profit for the financial period				<u><u>19</u></u>
Capital expenditure				
Additions to non-current assets	<u>1,033</u>	<u>-</u>	<u>4</u>	<u>1,037</u>
Assets and liabilities				
Segment assets	<u>34,193</u>	<u>39,619</u>	<u>3,172</u>	<u>76,984</u>
Segment liabilities	18,045	14,360	568	32,973
Deferred tax liabilities				71
Total liabilities				<u><u>33,044</u></u>
Geographic information				
<u>Revenue by geographical market</u>				
	Singapore \$'000	Australia \$'000	Consolidated \$'000	
1.1.2022 to 30.6.2022				
Construction and engineering	13,634	-	13,634	
Property	<u>-</u>	<u>677</u>	<u>677</u>	
1.1.2021 to 30.6.2021				
Construction and engineering	12,091	-	12,091	
Property	<u>-</u>	<u>822</u>	<u>822</u>	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

4. Segment reporting (Continued)

Disaggregation of revenue

Segment	Group 6 Months Ended					
	Construction and engineering		Property		Total	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Type of good or service</i>						
Over time						
- Contract revenue	13,537	12,019	-	-	13,537	12,019
Point in time						
- Sales of construction materials	8	2	-	-	8	2
Lease income	89	70	677	822	766	892
	<u>13,634</u>	<u>12,091</u>	<u>677</u>	<u>822</u>	<u>14,311</u>	<u>12,913</u>

5. (Loss)/Profit before income tax

5.1 Significant items

	Group 6 Months Ended	
	30.6.2022	30.6.2021
	\$'000	\$'000
<i>Other income</i>		
Interest income	2	-
Government grants	254	281
	<u>254</u>	<u>281</u>
<i>Cost of services</i>		
Depreciation of property, plant and equipment	424	253
Provision made for defects liability	149	152
Material costs	2,757	1,571
Short-term leases	259	259
	<u>259</u>	<u>259</u>
<i>Administrative and other operating expenses</i>		
Depreciation of property, plant and equipment	204	300
Foreign exchange loss, net	802	384
Gain on disposal of property, plant and equipment	(12)	(23)
Plant and equipment written off	-	2
	<u>-</u>	<u>2</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

5. (Loss)/Profit before income tax (Continued)

5.1 Significant items (Continued)

	Group	
	6 Months Ended	
	30.6.2022	30.6.2021
	\$'000	\$'000
<i>Finance costs</i>		
Interest expense		
- Bank term loans	231	249
- Lease liabilities	28	29
	<hr/>	<hr/>

5.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

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:

	Group	
	6 Months Ended	
	30.6.2022	30.6.2021
	\$'000	\$'000
Current tax:		
- current period	138	134
- under provision in prior years	-	55
	<hr/>	<hr/>
	138	189
Deferred tax:		
- current period	(20)	35
	<hr/>	<hr/>
Total income tax expense	118	224
	<hr/>	<hr/>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

7. Net asset value

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$ Cents	\$ Cents	\$ Cents	\$ Cents
Net asset value per ordinary share	10.22	10.23	6.83	7.18

Net asset value per ordinary share is computed based on the number of issued ordinary shares of 430,610,283 as at 30 June 2022 and 31 December 2021 respectively.

8. Property, plant and equipment

During the six months financial period ended 30 June 2022, the Group acquired assets amounted to \$328,000 (30 June 2021: \$1,037,000) and disposed of assets amounted to \$2,000 (30 June 2021: \$9,000).

Consolidated statement of cash flows

During the six months financial period ended 30 June 2022, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Additions to property, plant and equipment	328	1,037
Acquired under lease agreements	(81)	(150)
Cash payments to acquire property, plant and equipment	247	887

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.

	Group	
	2022	2021
	\$'000	\$'000
<u>At fair value</u>		
At 1 January	20,567	21,374
Currency re-alignment	(583)	(206)
At 30 June	19,984	21,168

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

9. Investment property (Continued)

Valuation techniques and assumptions

The investment property was valued by independent professional valuers at recent financial year ended 31 December 2021 who hold a recognised and relevant professional qualification and have recent experience in the location and category of the property held by the Group.

As at 31 December 2021, the valuation of the investment property in Australia was arrived at using the income capitalisation approach. The income capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate and the key assumptions include 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 2021, the significant input to the valuation technique using income capitalisation approach in respect of the investment property in Australia was the capitalisation rate of 6.00%. An increase in capitalisation rate will result in a decrease to the fair value of the investment property.

10. Contract assets and contract liabilities

	Group	
	30.6.2022	31.12.2021
	\$'000	\$'000
Contract assets	3,970	2,460
Contract liabilities	389	597

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 2022**

11. Borrowings

Borrowings by the Group comprise bank term loans and finance lease liabilities of \$523,000 (31 December 2021: \$531,000), which are recorded under "Lease liabilities".

	Group	
	30.6.2022	31.12.2021
	\$'000	\$'000
Amount repayable within one year		
Secured	1,030	1,051
Unsecured	1,235	1,220
Amount repayable after one year		
Secured	17,230	17,987
Unsecured	2,654	3,277
	<u>22,149</u>	<u>23,535</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

	Group and Company	
	30.6.2022	31.12.2021
	\$'000	\$'000
Issued and fully paid		
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 2022 and 31 December 2021 recorded at amortised cost are as follows:

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Trade and other receivables	10,124	9,168	9,459	9,610
Cash and cash equivalents	11,479	14,585	952	1,751
Total financial assets carried at amortised cost	<u>21,603</u>	<u>23,753</u>	<u>10,411</u>	<u>11,361</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

13. Financial assets and financial liabilities (Continued)

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Trade and other payables	6,430	5,688	20,844	20,312
Bank term loans	21,626	23,004	-	-
Lease liabilities	1,834	1,853	78	86
Total financial liabilities carried at amortised cost	<u>29,890</u>	<u>30,545</u>	<u>20,922</u>	<u>20,398</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 Ordinary shares	\$'000
At 31 December 2021 and 30 June 2022	<u>430,610,283</u>	<u>55,169</u>

As at 30 June 2021, the Company had 105,642,794 outstanding warrants convertible into 105,642,794 shares of the Company. On 30 July 2021, 27,187 warrants were exercised and, the remaining warrants of 105,615,607 have expired on 6 August 2021.

As at 30 June 2022, the Company did not have any outstanding options, warrants or other instrument convertible into securities of the Company.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2022 and 30 June 2021 respectively.

No shares were bought back by the Company during the six months financial periods ended 30 June 2022 and 30 June 2021 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.

	30.6.2022	31.12.2021
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 2022 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 2021 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 2022. 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	
	30.6.2022	30.6.2021
(Loss)/Earnings per share (based on the (loss)/profit for the financial period):		
Earnings per share ("EPS") in SGD Cents - Basic ⁽¹⁾	(0.159)	0.004
Weighted average number of ordinary shares in issue	430,610,283	430,583,096
Earnings per share ("EPS") in SGD Cents – Diluted ⁽²⁾	(0.159)	0.004
Adjusted weighted average number of ordinary shares in issue	430,610,283	536,225,890

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 2021, the calculation for the diluted EPS is based on the weighted average number of ordinary shares of the Company after adjusting for outstanding warrants ("Warrants") assuming the Warrants are fully exercised into ordinary shares of the Company. For six months ended 30 June 2022, 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 2022 ("HYE2022") as compared to previous corresponding period ended 30 June 2021 ("HYE2021")

	6 Months Ended		+ / (-)	+ / (-)
	30.6.2022	30.6.2021		
	\$'000	\$'000	\$'000	%
Revenue				
- Construction and Engineering Business	13,634	12,091	1,543	12.8%
- Property Business	677	822	(145)	(17.6%)
Total Revenue	14,311	12,913	1,398	

The Group recorded a revenue of \$14.31 million for HYE2022 compared with \$12.91 million for HYE2021.

Revenue from Construction and Engineering Business of \$13.63 million for HYE2022 was \$1.54 million higher compared with \$12.09 million for HYE2021 due mainly to higher level of construction activities and progress made in various on-going projects.

Revenue from Property Business of \$0.68 million for HYE2022 was \$0.14 million lower compared with \$0.82 million for HYE2021 due to lower occupancy rate achieved by the Melbourne investment property for HYE2022.

	6 Months Ended		+ / (-)	+ / (-)
	30.6.2022	30.6.2021		
	\$'000	\$'000	\$'000	%
Cost of Services				
- Construction and Engineering Business	12,044	9,889	2,155	21.8%
- Property Business	242	152	90	59.2%
Total Cost of Services	12,286	10,041	2,245	

In line with the increased construction activities, and higher diesel price, cost of services for Construction and Engineering Business of \$12.04 million for HYE2022 was \$2.16 million higher compared with \$9.89 million for HYE2021. The cost of services for Property Business of \$0.24 million for HYE2022 was \$0.09 million higher compared with \$0.15 million for HYE2021 due mainly to leasing agent fee, ad-hoc repair works and higher operating expenses for the Melbourne investment property.

The gross profit margin ("GPM") for the Construction and Engineering Business was 11.7% and 18.2% for HYE2022 & HYE2021 respectively. The lower GPM for HYE2022 was due mainly to absence of certain higher margin projects and the rising of overall business costs as above.

Other income of \$0.27 million, comprising mainly government grants and interest income, for HYE2022 was \$0.04 million lower compared with \$0.31 million for HYE2021 due mainly to the lower grants received from Singapore Government to support the businesses affected by COVID-19.

OTHER INFORMATION (CONTINUED)

Statement of Comprehensive Income (Continued)

Administrative and other operating expenses of \$2.78 million for HYE2022 was \$0.41 million higher compared with \$2.37 million for HYE2021, due mainly to higher 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 \$0.26 million for HYE2022 was \$0.02 million lower compared with \$0.28 million for HYE2021 due mainly to lower outstanding bank term loans and finance lease liabilities.

Share of results of joint ventures was a profit of \$0.18 million for HYE2022 as compared with a loss of \$0.29 million for HYE2021. This was due mainly to the higher development profit arising from the sale of units in Sloane Residences, along with construction progress made in the project.

Income tax expense of \$0.12 million for HYE2022 was \$0.10 million lower compared with \$0.22 million for HYE2021 due mainly to the absence of under provision income tax expenses and lower taxable profit recorded for Construction and Engineering Business in HYE2022.

As a result of the foregoing, the Group registered a loss after income tax of \$0.68 million for HYE2022, compared with a profit after income tax of \$0.02 million for HYE2021.

Statement of Financial Position

Review of the Group's financial position as at 30 June 2022 as compared to 31 December 2021

Property, plant and equipment decreased to \$10.91 million as at 30 June 2022 from \$11.21 million as at 31 December 2021 due mainly to the depreciation and disposal during the financial period, partly offset by additions of new plant and equipment.

Investment property decreased to \$19.98 million as at 30 June 2022 from \$20.57 million as at 31 December 2021 due to the currency re-alignment for the investment property in Melbourne.

Investment in joint ventures increased to \$18.48 million as at 30 June 2022 from \$18.24 million as at 31 December 2021 due mainly to recognition of share of profit of joint ventures for the financial period and currency re-alignment for the joint venture in Cambodia.

Trade and other receivables increased to \$10.56 million as at 30 June 2022 from \$9.50 million as at 31 December 2021, due mainly to the higher certification received on work done from customers toward the end of financial period following the higher revenue recognised by the Group's Construction and Engineering Business.

Net contract assets increased to \$3.58 million as at 30 June 2022 from \$1.86 million as at 31 December 2021 due mainly to increase of construction activities by the Group's Construction and Engineering Business as discussed above.

Trade and other payables increased to \$6.54 million as at 30 June 2022 from \$6.18 million as at 31 December 2021 due mainly to higher level of construction activities by the Group's Construction and Engineering Business as discussed above, partly offset by lower bonus provision for HYE2022.

OTHER INFORMATION (CONTINUED)

Statement of Financial Position (Continued)

Provisions increased to \$0.60 million as at 30 June 2022 from \$0.48 million as at 31 December 2021 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 \$21.63 million as at 30 June 2022 from \$23.00 million as at 31 December 2021 due mainly to currency re-alignment of AUD denominated property loan and repayment during the financial period.

Total lease liabilities decreased to \$1.83 million as at 30 June 2022 from \$1.85 million as at 31 December 2021 due to repayment, partly offset by new financing for motor vehicles during the financial period.

Statement of Cashflows

Review of the Group's cashflows for HYE2022

The Group incurred net cash outflow of \$2.27 million from operating activities for HYE2022 due mainly to operating cash inflow before working capital changes of \$0.29 million, partly offset by net working capital outflow of \$2.50 million and income tax paid of \$0.06 million.

The Group incurred net cash outflow of \$0.23 million from investing activities for HYE2022 due mainly to purchase of plant and equipment, partly offset by proceeds from the disposal of plant and equipment.

The Group incurred net cash outflow of \$1.38 million from financing activities for HYE2022 due mainly to the repayment of bank term loans and obligations under leases, and payment of interest charges.

Overall, total cash and cash equivalents decreased by \$3.11 million from \$14.59 million as at 31 December 2021 to \$11.48 million as at 30 June 2022.

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 2022 is consistent with the profit guidance announcement released by the Company on 5 August 2022.

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

The Board of Directors is of the view that while the broader long-term outlook for the construction and property industries is positive, the operating environment remains challenging over the next 12 months for the following reasons:

OTHER INFORMATION (CONTINUED)

(a) Construction and Engineering Business

Advance estimates released by the Ministry of Trade and Industry Singapore (MTI)¹ indicate that Singapore's construction sector grew by 3.8% year-on-year in the second quarter of 2022 and 1.9% over the first quarter of 2022, partly due to the relaxation of border restrictions on the inbound migrant workers. In absolute terms, the value-added of the construction sector remained 23.7% below its pre-pandemic level as the inflow of migrant workers has not been sufficient to meet industry demand.

The Group expects the operating environment in the construction industry to remain challenging due to prevailing labour shortage situation and persistent high construction material and diesel costs.

The Group will focus on increasing its operational efficiency and overall productivity to mitigate the impact of these challenges.

(b) Property Business

Cambodia

All 28 units of the first phase of Eco Garden Mall, a 71-unit joint venture shophouse development project, have been fully or partially rented out to generate income for the Group in the near term.

As Cambodia emerges from the COVID-19 pandemic following a successful vaccination campaign, social and economic activities have resumed. A return to higher levels of economic growth is expected, with an additional boost from Cambodia's participation in the Regional Comprehensive Economic Partnership (RCEP)². The Group will work closely with its joint venture partners to intensify its sales and marketing efforts in Cambodia.

Singapore

Real estate statistics by the Urban Redevelopment Authority (URA)³ indicate that prices of non-landed private residential properties in the Core Central Region (CCR) increased by 1.9% in the second quarter of 2022, compared with the 0.1% decrease in the first quarter of 2022. The high-end residential market has attracted more foreign interest following the relaxation of COVID-19 measures and opening of Singapore's borders in April 2022⁴.

Notwithstanding this, the Group is mindful of the intense competition within the CCR, with 6,236 units of unsold private residential units at the end of second quarter of 2022.

In addition, the Group expects the current rising interest rate environment to raise the cost of borrowing and consequently affect the overall margins of the joint venture development projects.

The Group will continue to work closely with its joint venture partners in the smooth execution and sales of the development projects to extract maximum value under the prevailing market conditions.

¹ MTI 7 July 2022, [Release-of-Advance-GDP-Estimates-for-Second-Quarter-2022](#)

² Khmer Times, 28 Jul 2022, [RCEP expected to unleash significant upsides](#)

³ URA, 22 Jul 2022, [Release of 2nd Quarter 2022 real estate statistics](#)

⁴ Singapore Business Review, July 2022, [Home developers to benefit from heightened foreign buyer interest: experts](#)

OTHER INFORMATION (CONTINUED)

Australia

Australia's international COVID-19 border restrictions have been lifted, signalling a return to normalcy despite the continued spread of COVID-19.

Thus far, the Group has successfully signed new leases with two existing tenants for additional spaces, with an occupancy rate of approximately 75% at the end of July 2022.

The Group will continue to actively engage tenants on upcoming renewal of leases, as well as increase our marketing efforts to secure new tenants for the remaining space vacated by a key tenant in March 2022.

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 HYE2022.

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

Not applicable. No dividend has been declared for HYE2021.

(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 HYE2022.

(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 HYE2022 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

Not applicable. The Company did not acquire or dispose shares in any companies during the six months financial period ended 30 June 2022.

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 2022 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

Chia Yau Leong
Company Secretary

12 August 2022

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.